FINANCIAL TIMES

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Below the tip of the fraud iceberg, Page 13

World news

Mandela predicts end of white rule

Black nationalist leader Winnie Mandela said South Africa's black majority would free itself from white rule this year and hinted that violence might be used to achieve it.

Mandela, on a speaking tour of three black townships near Johannesburg, told a cheering crowd: "We have reached a very serious stage in our struggle. The time for speeches and debate has come to an end.

"Together, hand-in-hand with our sticks of matches, with our necklaces, we shall liberate this country." The necklace is the name for a gruesome method of killing with burning tyres.

Israeli crisis leads to party showdown

The Israeli Cabinet was due to meet last night for what was expected to be a final showdown in the protracted political crisis.

The Labour Party's determination to banish Finance Minister Mr Yitzhak Moda'i from his post for the remaining 2½ years of the National Unity Government's life has emerged as the chief barrier to a settlement.

Zia warns Bhutto

Supporters of Pakistan opposition leader Benazir Bhutto planned their third mass rally in four days despite a warning from President Mohammed Zia ul-Haq not to push the campaign for new elections too far. Page 2

Three die in Punjab

Three people were killed in continued Punjab violence as militants urged India's 14m Sikhs to take up arms in their struggle against the Government of Prime Minister Rajiv Gandhi.

Seamen on strike

West German merchant seamen began an indefinite strike for better pay and conditions in the first such stoppage by German sailors for 90 years.

Pope at synagogue

The Pope paid a 90-minute visit to the Synagogue of Rome, the first time a leader of the Roman Catholic Church has done so.

Pro-Marcos rally

Several thousand supporters of ousted President Ferdinand Marcos held a protest demonstration in Manila against the Government of Corazon Aquino. Page 2

Army major jailed

Kuwait's state security court jailed army major Abdul Rahim Mohammed Fakro for 10 years for inciting the overthrow of the Government.

Centrists win seats

The centrist Umma party of former prime minister Sadeq al-Mahdi took two of the first three seats declared as ballots were counted after Sudan's first multi-party elections in 18 years.

Afghan rebels killed

Afghanistan said its troops had killed 700 Moslem rebels in an offensive along the Pakistan border but Peshawar-based guerillas said the death toll was around 100.

Gulf attack claimed

Iraqi aircraft hit two "large naval targets" off the Iranian coast in the Gulf, a military communique said.

Kidnap baffles police

Irish police said they were concerned and baffled by the continued silence of a kidnap gang that seized a Dublin banker's wife linked to the Guinness brewing family six days ago.

Wheelchair trek

Two handicapped Britons began a 2,000-mile (3,200 km) wheelchair journey from Turkey to Birmingham to support the British city's bid to host the 1992 Olympic Games.

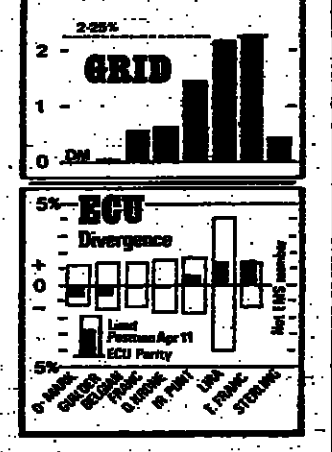
Business summary

Saatchi to launch $400m cash call

SAATCHI AND SAATCHI, British-based international advertising agency, is to launch a £400m ($580m) rights issue to fund its aggressive acquisition programme. Page 7

BRITAIN will not amend its proposed 5 per cent tax on conversion of UK shares into American depositary receipts, said Chancellor of the Exchequer Nigel Lawson. Page 20

EUROPEAN Monetary System: The D-Mark was given heavy support by central banks last week as the French franc was fixed at its upper limit against the D-Mark. The franc's improvement reflected demand as the market took advantage



of the large interest rate differential between West Germany and France. However, pressure is unlikely to last as the D-Mark will ultimately benefit from West Germany's much lower inflation rate. Elsewhere the Belgian franc shrugged off two ½-point cuts in the Belgian discount rate and was comfortably placed midway in the system. Currencies, Page 44

The chart shows the two constraints on European Monetary System exchange rates. The upper grid, based on the weakest currency in the system, defines the cross rates from which no currency (except the lira) may move more than 2¼ per cent. The lower chart gives each currency's divergence from its "central rate" against the European Currency Unit (ECU), itself a basket of European currencies.

ARGENTINA is this week to receive a further $600m from its commercial bank creditors, the third instalment of a $4.2bn credit arranged last year. Page 2

UK manufacturing pay settlements averaged 6¼ per cent in the first quarter of 1986. Page 7

GUTHRIE, industrial holding group which was formerly one of the largest British plantation groups in Malaysia, will return to the London stock market in June in a flotation expected to value it at more than £110m ($162m). Page 7; Details, Page 28

BRITISH SHIPBUILDERS is proceeding with its EEC anti-dumping case against Japanese shipbuilder Mitsubishi Heavy Industries. Page 7

CHANNEL TUNNEL Group is planning a share placing to raise about £150m ($220m) in June and an £850m international share issue next year. Page 7

AUSTRALIAN businessman, Robert Holmes à Court, is seeking a substantial stake in the British direct broadcasting by satellite franchise. Page 8

SCHERING, West German pharmaceutical and chemical company, boosted earnings to DM 112m ($47.9m) last year from DM 91m previously and proposes an unchanged dividend.

INTERFIRST, Dallas-based banking group, proposed slashing its quarterly dividend to 2.5 cents a share from 15 cents a share after announcing an 86 per cent drop in first-quarter profits. Page 23

SEA-LAND, US container shipping group, said it will consider the new $28 a share cash bid for outstanding shares by Harold Simmons who has been seeking control of the group for nine months. Page 23

US claims Libya plans dozens of terrorist attacks

BY STEWART FLEMING IN WASHINGTON AND TONY WALKER IN TRIPOLI

THE US has evidence that Colonel Muammer Gadaffi, Libya's leader, is planning "literally dozens" of further terrorist attacks around the world, Mr John Whitehead, the Deputy Secretary of State, said yesterday.

If the US was to back away from the moves it is making to take military action against Libya it would have to believe that Col Gadaffi "had changed his conduct."

Mr Whitehead said the Libyan leader had "to stop training terrorists, financing terrorists, supplying them with arms and supplying them with documents. As soon as he stops those actions we would certainly back away."

Interviewed on US television as the Sixth Fleet massed off the Libyan coast, Mr Whitehead added: "The prospect of military action is something only the President can decide on. He has not yet made that decision. It is one of his options."

According to Mr Whitehead, there was "very considerable evidence" to indicate Libyan involvement in the recent bombing of a West Berlin nightclub frequented by US soldiers.

He compared Col Gadaffi to Adolf Hitler, saying that in the 1930s the German leader had been considered as "that funny little man with a moustache." But in the end he could only be removed from power by a world war. "We see some parallels with Gadaffi ... the time to correct the situation is now rather than later," added Mr Whitehead.

The Administration has been divided about whether or not to retaliate militarily against Libya, with some officials arguing that such action would only make Col Gadaffi more influential.

But there is a widespread perception in Washington that having baulked in the past at a military response to terrorism, those who favoured such action were now gaining the upper hand.

In Tripoli, Col Gadaffi responded to the US threat by hinting that thousands of foreign nationals living in Libya could be at risk if the Sixth Fleet did launch an attack.

He said that some military camps targeted by the US had been emptied of Libyan personnel in order to make way for foreigners. The Libyan leader said the camps were to be used as residences for oilfield and petrochemical companies, and that American citizens were among those who had been moved.

He did not elaborate about which camps he was referring to and there has been no independent confirmation that foreigners have been moved to bases that may be US military targets.

Most of the approximately 1,000 Americans still in Libya despite warnings by the Reagan Administration to leave, are living in or near desert oilfields.

Western officials in Tripoli are sceptical about Col Gadaffi's statement

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Editorial comment, Page 18; How not to deal with terrorists, Page 19

EEC seeks joint stance in emergency talks

BY ROBERT MAUTHNER IN LONDON AND QUENTIN PEEL IN BRUSSELS

FOREIGN MINISTERS of the European Community will meet today in The Hague for emergency talks aimed at working out a joint European position on the US threat of a military strike against Libya in retaliation for recent terrorist attacks against American targets.

The hastily-arranged meeting, called at the request of Italy and Spain, will be held following a lightning tour of Western European capitals by Gen Vernon Walters, the US Ambassador to the United Nations, during which several government leaders urged the US to act with restraint.

The consensus in the EEC is clearly on the side of caution and the prevention of any further escalation of tension in the Mediterranean region. At the same time there is widespread sympathy in Western Europe for American anger at the recent terrorist attacks against a TWA airliner over Greece and a West Berlin discotheque.

The dilemma facing the ministers is that while they want to restrain President Ronald Reagan from any military action which, in their opinion, would result only in further acts of terrorism throughout the world, they have no substantial alternative to offer.

At the last political co-operation meeting of the 12 foreign ministers in January when President Reagan was seeking support for economic sanctions against Col. Gadaffi, the Libyan leader, after the terrorist bombings at Rome and Vienna airports their joint statement failed even to mention Libya in an otherwise strong condemnation of terrorism.

All that was decided on that occasion was that the member countries should impose an arms embargo on any country implicated in supporting terrorism and to do nothing which would undermine US sanctions against Libya.

However, EEC diplomats recognise that if the US is to be deterred from taking drastic military steps against Libya they will have to come up with something more than just pious words this time.

The Netherlands Government, which is hosting the meeting as current chairman of the EEC Council of Ministers, believes that some kind of European diplomatic initiative could result from the meeting, although that is unlikely to satisfy the Americans.

"We could try to talk to all the parties concerned," one senior Dutch diplomat said. "Apart from that, it is hard to see what else we can do. There is nothing new to discuss since the problem was last on the agenda in January."

Meanwhile, little or nothing has emerged from Gen Walters's secret talks in London, Bonn and Paris at the weekend. Downing Street and the British Foreign Office both declined to shed any light whatsoever on the US envoy's talks with Mrs Margaret Thatcher, the Prime Minister, last Saturday.

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US tourists stick to own roads

BY TERRY DODSWORTH IN NEW YORK

WARDENS at Yellowstone Park, the jewel of the US national park system, are preparing for a bumper tourist year. More than 2,000 miles away in Alaska, the airlines are gearing up for a similar flood of visitors with a 60 per cent increase in capacity.

About 3,000 miles to the west, Hawaiian tour agents are also talking about a banner year. And back in New York City, people who have not already made their hotel bookings for the July 4 centenary for the Statue of Liberty, might as well forget about it. Every hotel room, say the agencies, is already taken up.

The US surge to domestic travel is one result of the wave of terrorism during the past 12 months. Every rattle of the sabre in President Reagan's shadow war with Libya's Colonel Gadaffi has made the cash registers ring a little more loudly in some US resorts.

To add a touch of irony under an Administration that has rarely tired in its attacks on the Communist bloc, terrorism has also brought a bound of interest in travel to Eastern Europe. Pan Am will re-launch flights to the Soviet Union at the end of this week and is putting on a new service to Poland. Police states, as one worried traveller remarked, tend to be safe for tourists, whatever President Reagan says about the virtues of democracy.

Hesitations about travelling to some parts of Europe and the Middle East first began to show signs of stiffening into serious resistance among US travellers last summer in the wake of the TWA jet hijacking. The series of incidents since then have sent the US tourist business in the Mediterranean basin into a tailspin.

Greece's holiday bookings this year are reported to have been halved, and a huge promotional effort has been mounted among US travel agents. The Egyptian tourist business is in tatters, and the US cancellation rate in Italian hotels is running at about 30 per cent. "In this field, Gadaffi has won his war," says a frustrated Manhattan tourist agent for Israel.

The period since the TWA hijacking has also seen a sharp economic swing that reinforces the changed political climate. The dollar started to head downwards after the October finance ministers' meeting and oil began its precipitous decline a month or so later. Both add up to a substantially increased inducement to Americans to stay at home and spend their deflated currency on fuel that is rapidly falling in price.

In most parts of the country it is already possible to buy high-quality, non-leaded petrol at well below $1 a gallon – and even as little as 70 cents – against about $1.20 at the peak. Hotels that depend on motorists are reporting higher occupancy rates and a big upswing in bookings.

On the stock market, brokers are putting all sorts of stocks that might benefit from the renewed enthusiasm to get on the road, pushing the shares of the fast-food chains to 12-month highs, and shoring up the motor companies.

Some businesses are claiming quite sensational increases in activity. "Bookings for the summer are up by 75 per cent over a year ago," said a spokesman for Cruise America, one of the leading rental groups for the big recreational vehicles that will fill up camp sites across America this summer.

Does all this add up to a precipitous fall in European tourist earnings from America this year? Not necessarily, says the European Travel Commission, which looks after the interests of 23 non-Communist countries. The commission says agencies see a swing to "safer" destinations in northern Europe, which should help hold up the overall figures.

British Airways says that its bookings are bearing up well, and that it had a record winter in the period up to March. Pan Am has put on nine new destinations in northern Europe, from Shannon to Helsinki and Leningrad. Bookings to the Soviet Union are claimed to have doubled, and the Polish tourist agency in New York is expecting a

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Chirac prepares FFr 10bn cut in spending

By David Marsh in Paris

MR JACQUES CHIRAC, the French Prime Minister, yesterday gathered together his new Government to work out FFr 10bn ($1.3bn) of spending cuts in the 1986 budget as financial markets prepared for lower French interest rates this week.

Mr Chirac met 24 Ministers to prepare the way for a supplementary budget due to be adopted at a full Cabinet session on Wednesday.

The Government's efforts to cut the budget deficit have been complicated by additional spending measures already promised by ministers, as well as by plans to ease the tax burden on companies and high-income earners.

The measures are also likely to include a plan to curb youth unemployment by lowering social charges on companies that recruit young people. This could cut government revenue by up to FFr 5bn a year, depending on the final details of the plan.

Although Mr François Guillaume, the Agriculture Minister, last week promised farmers several billion francs in tax breaks to boost agricultural incomes, Mr Alain Madelin, the Industry Minister, is leading efforts to find spending cuts through phasing out some grants to industry.

Other suggestions for spending reductions are likely to include larger job cuts among civil servants – whose numbers are already planned to drop by 4,500 this year – as well as cuts in public works programmes and trimming of peripheral government agencies.

Yesterday's meeting allowed the Chirac Government to work out a broad strategy for the reworked 1986 budget without the presence of President François Mitterrand, who presides over the Wednesday Cabinet sessions at the Elysée palace.

Mr Edouard Balladur, the Finance Minister, told journalists after the meeting that expenditure cuts would be made "as planned" and that new spending measures would be moderate.

The 1986 budget deficit was forecast by the outgoing Socialist Government at FFr 145bn this year. But the right-wing administration charges that the true deficit is heading for a figure nearer FFr 200bn because of extra state spending and reduced income in parts of the state's accounts taken out of budget calculations.

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Lawson forecast of higher yen annoys Tokyo

BY PHILIP STEPHENS IN LONDON

JAPAN has reacted angrily to comments last week in Washington by Mr Nigel Lawson, Britain's Chancellor of the Exchequer, which pushed up the value of the yen on foreign exchange markets.

The Japanese Government considers that Mr Lawson, who told journalists that leading industrial nations were expecting a further rise in the yen, flouted the informal conventions between governments covering public statements on exchange rates.

It is also believed in Washington that Mr Lawson's apparently off-the-cuff statement at a press briefing during a meeting of the International Monetary Fund was co-ordinated in advance with Mr James Baker, the US Treasury Secretary. The explicit aim was to trigger a rise in the yen on the foreign exchange markets.

Mr Lawson said on Thursday that all the main industrial countries with the exception of Japan expected the yen to rise further and that it would be "surprising" if that did not happen. The markets reacted instantly, pushing the Japanese currency higher. It closed in New York on Thursday at Y177.25 per dollar against Y180.05 a day earlier.

The Tokyo Government is annoyed because it says that there is an understanding between finance ministers of the Group of Five leading industrial nations (the US, Japan, West Germany, France and Britain) that public comments on exchange rates by individual ministers should be restricted to their own currency. Mr Lawson's remarks were not specifically directed at the sterling/yen rate but also at the Japanese currency's value against the dollar.

The day before the statement, Mr Lawson had held bilateral talks with Mr Baker, where the US Secretary had in turn expressed anger at comments made by Mr Noburu Takeshita, the Japanese Finance Minister.

After an earlier meeting with Mr Baker, Mr Takeshita said that Japan and the US agreed on the need for stability in the yen/dollar rate. That was interpreted by the markets as indicating that they believed the current rate was satisfactory after the yen's 25 per cent appreciation since last September.

The Japanese delegation to the IMF insisted, however, that Mr Takeshita was referring to the common view that it was important to counter market volatility and that he did not refer to any particular level as appropriate for the Japanese currency.

The Tokyo Government says that

Mr Nigel Lawson

recent intervention by its central bank has been limited to smoothing operations to prevent violent fluctuations in the dollar/yen rate, and has not been aimed at preventing the yen from appreciating.

At his talks with Mr Baker, Mr Lawson is thought to have agreed to try to counter during his own press briefing the impact on the foreign exchange markets of Mr Takeshita's remarks.

Mr Lawson has been in the forefront of demands that the Japanese Government allow the yen to rise further and, unusually, a number of US journalists were personally invited to the on-the-record briefing for British correspondents.

Stewart Fleming in Washington writes: Mr Yasuhiro Nakasone, the Japanese Prime Minister, was meeting with President Ronald Reagan yesterday amid signs that the US Administration is anxious to smooth over differences on economic and trade policy between the two countries ahead of the Tokyo economic summit in May.

Officials in Washington are expressing optimism about the latest proposals for reforming the Japanese economy contained in the Maekawa report, published in Tokyo last week, which one top White House official described as "a call for historic changes in Japan's economic structure", adding: "you have to remember that Japan is the only country in the world lowering instead of raising trade barriers."

Officials point out that the White House decision to hold the initial meeting between Mr Nakasone and Mr Reagan at the President's Maryland retreat, Camp David, is a sign of the close personal relationship between the two leaders.

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OVERSEAS NEWS

Rebel Philippines MPs stage a challenge to Aquino

BY SAMUEL SENOREN IN MANILA

THE GOVERNMENT of President Corazon Aquino of the Philippines faces a major challenge today when about 100 of the 183 elected Members of the Parliament which she abolished last month resume sessions in defiance of her authority. Their move could eventually lead to the establishment of a rebel government.

The dissident MPs, contending that Mrs Aquino had no power to abolish Parliament because its members were directly elected by the people in 1984, plan to install Mr Arturo Tolentino, the vice-presidential running-mate of ousted President Ferdinand Marcos, as Acting President.

Mr Marcos and Mr Tolentino were declared by the Parliament winners of the presidential poll in February in what Mrs Aquino said was a false proclamation.

Mrs Aquino, who was swept to power by the armed forces which revolted against Mr Marcos shortly after the election, said the session would be allowed to take place as part of the freedom of speech. This is despite warnings from some of her advisers that she should deal with the issue more firmly.

The rebel parliament could spark a direct confrontation between Mrs Aquino's Government and supporters of Mr Marcos who have regrouped in an attempt to topple Mrs Aquino.

Yesterday, several thousand supporters of Mr Marcos gathered in a park a few miles from Mrs Aquino's palace to proclaim Mr Tolentino duly elected Vice President.

Mr Tolentino, 75, who was absent during Mr Marcos's oath-taking on February 25 at the presidential palace, accepted the proclamation

W. German farmers join protest

By Peter Bruce in Bonn

MORE THAN 50,000 West German farmers joined nationwide demonstrations at the weekend, calling for changes in the European Community's agricultural policies and in an attempt to press the Bonn Government to make extra national aids available to the industry.

Simmering dissatisfaction over income among West Germany's farmers has boiled over since the devaluation of the French franc a week ago, which is likely to ensure higher incomes for French farmers.

German farmers carried banners saying, among other things "Rather be honourably dispossessed under socialism than be ground to nothing under capitalism."

Their anger has concerned Chancellor Helmut Kohl's Government, which faces an important state election in Lower Saxony in the summer and a general election next January.

Stockman sees no hope for Reagan policy

BY STEWART FLEMING IN WASHINGTON

MR DAVID STOCKMAN, the former Reagan Administration Budget Director and an architect of the President's supply side economic policies in 1981, says in a book to be published this month that the Reagan revolutionary social and economic policy was doomed to failure from the outset.

He maintains that his own, naive optimism about the possibility of securing dramatic cuts in government spending in Congress, the flimsy grasp which the President and most of his top aides had of the economic policy issues they were grappling with, and the fact that Mr Reagan was too much of a consensus politician to push aggressively for radical changes in government policy, all contributed to the failure.

Assessing the implications of the $200bn federal budget deficits for which he accepts partial responsibility, Mr Stockman warns that "If we stay the course we are now on, the decade will end with worse hyperinflation than the one with which it began."

Mr Stockman criticises Mr Reagan's refusal to raise taxes to help resolve the deficit issue, but says that when the President is ultimately faced with choice of increasing taxes or rampant inflation he will chose the former.

The scathing critiques of his former administration colleagues, including White House chief of staff Donald Regan and the advisers Mr Reagan brought with him from California, are already making headlines. Excerpts from his book, "The Triumph of Politics: Why the Reagan Revolution Failed" appear in the current issue of Newsweek magazine.

President Reagan is described as "an incorrigible optimist . . . whose knowledge is primarily impressionistic: he registers anecdotes rather than concepts." Mr Stockman paints Mr Reagan as a man who "operated on the 'echo principle.' Whatever the President insisted on he would try to get."

Of the top Californian aides, Mr Michael Deaver, Mr Ed Meese and Mr Lyn Nofziger, he says: "They were illiterate when it came to the essential equation of policy." Only Mr Meese remains within the Administration.

Extremists urge Sikhs to take up arms

BY K. K. SHARMA IN AMRITSAR

SIKH extremists in the Indian state of Punjab made their first open call yesterday for an armed struggle for the formation of "Khalistan," an independent Sikh homeland.

The call was made at a supreme religious congregation inside the Golden Temple, the sikhs' holiest shrine in Amritsar *which has been under the* extremists' control since January.

Although they are known to *have been fighting for an independent* state, they have never *said so openly, nor have they* asked all Sikhs to take up arms in the forthright manner in which they did yesterday.

The open demand for "Khalistan" comes at a critical time. Terrorist activity has increased *forcing the* moderate Akali party state government led by Mr Surjit Singh Barnala to step up action by the security forces. A tough new police chief has announced a "bullet-for-bullet" strategy which has had some success as a number of terrorists have been killed or *captured in the past fortnight.* However, the killing of innocent Sikhs and Hindus by the *militants continues.*

Yesterday's congregation was attended by about 6,000 Sikhs *which is considered* a poor attendance, particularly as it was timed to coincide with the festival marking the harvesting of the winter crop. Usually, hundreds of thousands attend the Golden Temple on this day but the shrine was virtually deserted yesterday.

This was partly because *of* tension in Amritsar and the intensive security measures taken in the city. The streets were full of armed paramilitary forces who also watched the congregation from nearby roof*tops. Hundreds of reinforce*ments have now surrounded the temple.

Present at the congregation were scores of wanted terrorists, many of whom carried guns. Those were displayed for the first time since the militants first seized the Golden Temple.

Chile debt of £2.6bn rescheduled

By Alexander Nicoll

CHILE'S COMMERCIAL bank creditors signed agreements on Friday rescheduling $2.6bn (£1.7bn) of debt principal repayments falling due between the beginning of 1985 and the end of next year.

The accords cover four borrowers and more than half of the $4.8bn (£3.2bn) which will be stretched out under the country's multi-year rescheduling agreement which has been under negotiation since early last year. Lenders of the remaining debt falling due over the three-year period are due to sign over the next few weeks.

This will ensure that Chile continues to receive funds under loans totalling $1.1bn signed last November, including a *pioneering* World Bank guarantee for part of the amount, to cover the country's financing needs for 1985 and 1986.

Chile, like other large debtors, is seeing its payments position improve with the sharp falls in interest rates and oil prices, and with some recovery in the *prices of key* export commodities such as copper. The domestic economy returned to growth in the second half of 1985.

The terms of the rescheduling accord stretch out repayments for 12 years

Zia rebuffs Benazir's demand for elections

BY JOHN ELLIOTT IN ISLAMABAD

BENAZIR BHUTTO'S campaign to force the Pakistan Government to hold immediate elections was firmly rebuffed over the weekend by President Zia ul-Haq and Mr Mohammad Junejo, the Prime Minister. Both said there could be no polls until the scheduled date of 1990.

But Miss Bhutto warned that she would have to reconsider her campaign of peaceful processions and demonstrations if polls were not announced by the start next month of the annual Moslem festival of Ramadan which will put a one-month brake on political campaigning from about May 20.

In an interview three days after her return to Pakistan, *she also accused President Zia,* who executed her father in *1979, of setting up a* "*special* commando cell" to assassinate her. She believes that a Friday night attack by a young retired army major on a house she had been using in Lahore was part of this.

Police rejected Miss Bhutto's claims about the intentions of the major who is believed to *have been recommended for* psychiatric care after he had been refused entry to the UK *last month when he was carry*ing her photograph.

Meanwhile, Miss Bhutto is continuing to draw large crowds on her series of meetings across the northern province of Punjab. She arrived at 3 am on Sunday instead of 3 o'clock the previous afternoon in the town of Gujranwala, 50 miles from Lahore, because of the crowds on the route. The *town was still awake and she* delivered a one hour speech before returning to Lahore.

Government ministers, backed by a wide body of public opinion, believe, however, that her campaign could fade out unless it is stepped up with violence or other demonstrations.

Miss Bhutto will consider some form of escalation within a *few weeks.* "We want a date from Mr Junejo for elections based on political parties before Ramaddan. If we don't get it, we will have to rethink our strategy."

However, Mr Junejo was adamant over the weekend that "*there can be no general* elections in the country till four years have elapsed." Miss Bhutto's Pakistan People's Party and others which told their members to boycott last year's elections because party organisation was not allowed would have to wait until then.

President Zia, the main target of Miss Bhutto's attacks, also criticised the processions and *meetings she is conducting as* "time consuming and generating more heat than light." They were "*not conducive to the* promotion of democracy," he said. Indicating a line of attack the Government might build up in the next few weeks.

Argentina draws on $4.2bn loan

By Peter Montagnon

ARGENTINA is this week to receive a *further* $600m (£410m) from its commercial bank creditors, the third instalment of a $4.2bn (£2.8bn) credit arranged last year.

Resumption of drawing on the loan follows Argentina's recent agreement with the International Monetary Fund on targets for the final period of its existing economic adjustment programme.

A statement issued by Citibank *over the weekend said an* Argentine delegation was due to meet next week with its 11-bank committee of leading creditors, but it is not clear whether the talks will mark the start of discussions on a fresh financing arrangement for 1986.

The Argentine Congress still has to pass this year's budget and the *Government of President* Raul Alfonsin still has to fix a figure for the country's external financing requirements.

Still available to be drawn later is the final $600m portion of last year's bank credit.

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Uneasy calm in Libya as foreigners decide to stay on

BY TONY WALKER IN TRIPOLI

WHILE DIPLOMATIC moves and military strategy sessions dominate the news in Europe and America, in Libya itself there is little obvious sign of a country on the brink of being attacked by the world's most powerful nation.

But beneath the surface of everyday life which is proceeding more or less as normal, there is, among Libyan officials and members of the somewhat beleaguered diplomatic community, a foreboding. Reporters who have interviewed Col Muammar Gadaffi in the past several days say that his mood has been grim and his statements less flamboyant than usual.

Ordinary Libyans appear bemused by developments. "If America attacks we will strike back," said a driver who had no clear idea of what form a counter-attack might take.

Foreign diplomats appear less sanguine about the crisis in the Mediterranean than the large foreign press corps including at least one dozen Americans, who have gathered in Tripoli. A Western official warned that circumstances were unpredictable, and that an anti-foreign mood could quickly develop.

"The whole thing terrifies me," he said. The official noted that things were ominously quiet in the Libyan capital. "If you look out there," he said, gesturing to his window looking out on Tripoli's handsome water front, "the traffic is normal. There are no road blocks, no curfew, no black-outs, and no hint of any increase of tension. If it was not for all these reports (of American military preparations) there is nothing in Tripoli to suggest anything is going on."

West Germany and Britain have warned their citizens here of the dangers. The Foreign Office has told Britons that "in a period of rising tension, the British Government would expect British citizens to review carefully the advisability of their remaining in Libya."

JAMES ABRA (57), a British subject who was sentenced at the weekend to life imprisonment on charges of syping, is appealing against his sentence, reports Tony Walker.

A British consulate official said that, under Libyan law, appeal papers had to be signed within 48 hours of sentencing.

Mr Abra, an electronics engineer working for Plessey, the telecommunications company, was arrested on June 28, 1985 as he left the country. He appeared for five hearings before Libya's High Court, three of which were held in camera. Mr Abra was accused of gathering secret information about Libya's radar defences. He argued that he was preparing a report on behalf of his company which had secured a series of contracts in Libya over the years.

Under Libya's legal system his case will now go to the Appeal Court which will decide if there has been a miscarriage of justice.

Two other Britons are serving jail terms in Libya. Michael King was apprehended in 1984 while allegedly in possession of three grams of hashish and sentenced to five years' imprisonment, and Robert Maxwell, arrested in 1980 on a charge of industrial espionage, was sentenced to 12 years.

In spite of the warning, however, it appears that few of the 5,000 or so British nationals in Libya, many of whom work in the oil industry, are prepared to leave well-paying and, until now, secure jobs.

A chilling reminder of the possibly unpredictable circumstances here was the sentencing at the week-end to life imprisonment of a British businessman accused of spying. This takes to three the number of Britons convicted of crimes in Libya, and serving long jail sentences.

Long-term residents note that on this occasion, unlike previous *moments* of tension between Libya and the US this year, there is little public demonstration of defiance beyond statements issued by Col Gadaffi himself. There have been no well publicised rallies against the US, nor has Libya's leader engaged in dramatic personal gestures like his decision in January to sail towards the so-called "line of death"—the disputed limit of territorial waters in the Gulf of Sidra claimed by Libya—to confront the US Sixth Fleet then conducting manoeuvres off the Libyan coast.

Visitors to Libya are left in no doubt, however, of the regime's anti-Americanism. A banner reading "We are the natural and historical contradiction to America, as an amperialist (sic)" greets arrivals at Tripoli Airport. Posters depicting President Reagan as a Dracula-like figure, are prominently displayed in public, including in the hotel which is playing host to the big moneyed American television networks and leading US newspapers and news magazines.

One of the seeming contradictions at the moment is the welcome extended to representatives of the American press at a time of maximum tension, between Tripoli and Washington. Libyan officials including *Col Gadaffi have indicated they* appreciate that the presence of a relatively large number of foreign nationals in Libya, including about 1,000 Americans, may restrain US action.

This may be an explanation for the Libyan leader's statement to American reporters that foreign nationals including *Americans were being moved* into military camps targeted by the US. Such a statement is being read here as a warning of possible unpleasant consequences for foreign residents in the event of American military action.

Rebel All Blacks to tour S. Africa

By Dai Hayward in Wellington

SPECULATION about a rebel rugby tour of South Africa by New Zealand All Black players has been confirmed with the admission by Mr Colin Meads, former All Black and New Zealand selector, that he will coach 30 rebel players in a 12-match tour starting a week on Wednesday.

Mr Meads flew to South Africa at the weekend with former team mate and All Black captain, Mr Ian Kirkpatrick, who will manage the team.

Most of the big names in All Black rugby of last year are included in the squad. Some players have already left, others will go in the next few days.

Nigerian fire

Important documents were believed detsroyed in a weekend fire at the headquarters of the Nigerian National Petroleum *Corporation. Lagos newspapers* said yesterday, AP reports from Nigeria. The fire occurred a day after auditors had visited the headquarters to examine accounts.

Zimbabwe sacking

Zimbabwe's ruling Zanu-PF party has dismissed Mr Herbert *Ushewokunze*, Transport Minister, from its politburo after a heated public debate over tribal rivalries within the government. The party said Mr Ushewokunze would remain a member of the party but was dismissed from the 15-member politburo and his post as party political commissar. There was no mention as to whether he would retain his ministerial portfolio.

Yugoslav debt talks

Representatives of Yugoslavia, 16 Western creditor governments and Kuwait will start the first round of talks on the rescheduling of Yugoslav government *debts in Geneva today*, writes Aleksander Lebl. Talks will centre on the Yugoslav request for a multi-year rescheduling agreement.

Turks probe begins

A public inquiry is due to begin this week in the Turks and Caicos Islands, a British Caribbean dependent territory, into the circumstances surrounding the arson of public buildings and alleged corruption in the administration, writes Robert Graham.

Europeans take cautious view of US military action

THE ITALIAN Government expressed alarm at the weekend that a military conflict between the US and Libya could spread to its shores, writes Alan Friedman in Milan. The Italians, *who requested today's* emergency meeting of EEC foreign ministers, will, however, ask the European Community to "isolate" Colonel Muammar Gadaffi, according to the office of Prime Minister Bettino Craxi.

Mr Craxi, who will this afternoon receive a visit from Mr Vernon Walters, the Reagan emissary, and who conferred by telephone with Mr Felipe Gonzalez, his Spanish counterpart, believed it would be illogical for the US to launch a military attack against Libya before consulting its European allies.

The Italians are concerned that Col Gadaffi, the Libyan leader, could make good on his threats to retaliate against US and Nato bases in southern Europe in the event of the US attack.

The Nato base at Sigonella in Sicily appeared to be in a state of alert at the weekend, with a flurry of military movements and heightened security measures against the prospect of a terrorist attack on US military personnel.

Italy is expected to repeat to Mr Walters its view that Nato bases in Italy should not be used for any US assault on Libya. Mr Walters is likely to be advised against a military solution to the Libyan issue, *although it is thought possible* that Italy might consider limited economic sanctions

Mr Guilio Andreotti, the Italian Foreign Minister who has traditionally had warm ties with Libya, stressed at the weekend that "the battle against terrorism is a fundamental element of our foreign policy." Mr Andreotti added that "if we work toward a peaceful solution of the pending problems it is not because of opportunism or fear. It is out of a sense of responsibility, above all for the 10,000 Italian technicians and workers who live on the other side of the *Mediterranean.*"

Attack resisted

THE WEST GERMAN Government is likely to try this week to head off any plans, should they exist, for a US attack on Libyan targets, reports Peter Bruce from Bonn.

Mr Hans Dietrich Genscher, the Foreign Minister, flies to Washington today, where he is expected to meet both President Reagan and Mr George Shultz, the Secretary of State, before returning on Wednesday.

Both Mr Genscher and West German Chancellor Helmut Kohl were briefed yesterday on Washington's suspicions and intentions during a visit to Mr Kohl's home by Mr Walters.

Although Mr Walters' presence in Europe has increased fears that Washington was planning a strike against Libyan targets very soon, officials in Bonn yesterday suggested that this danger had now receded somewhat.

No details of his talks in West Germany were made public but it was thought unlikely that the US would take unilateral action against Tripoli while he remains in Europe, and observers also suggested that Washington was anxious not to risk upsetting Bonn before the planned European trip later this month by Mr Ed Meese, the US Attorney General. The Meese visit would be aimed at agreeing concrete measures to combat terrorism.

Although Mr Genscher's trip to Washington had been planned for some time, his talks are likely to be dominated by Washington's threats against Tripoli.

After the recent Berlin terrorist blast, Bonn expelled two Libyan diplomats. Although the West German Government denied the expulsions had anything to do with the bombing, most observers believe it was an attempt to placate the US.

Bonn even remains opposed to the use of economic sanctions against Libya, its third largest oil supplier

Common line sought

FRENCH PRESIDENT Francois Mitterrand, after initial hesitations, now appears to have agreed that terrorism should be on the agenda of the seven-nation industrialised country summit in Tokyo next month, David Marsh reports from Paris.

French willingness to work out a common line with the US over state-sponsored terrorism has been increased by growing evidence of Libyan involvement in terrorist groups in France. But France will be very wary about becoming directly associated with any direct US military reprisals against Tripoli.

Mr Walters, who arrived in Paris yesterday, was likely to see Mr Mitterrand after initial discussions with Mr Jaques Chirac, the new French Prime Minister, whose right-wing Government has made law and order one of its priorities.

The arrival of the US envoy coincided with renewed hopes of a French rapprochement with the Iranian Government, which has important power to influence the fundamentalist Shi'ite movement holding hostage French nationals in Beirut.

Two senior French Foreign Ministry officials visiting Tehran have transferred to the Iranian authorities a message from President Mitterrand to Ayatollah Khomeini, the Iranian leader, laying down France's desire for "normalisation" of relations between the two countries.

French officials said yesterday that Mr Jean-Bernard Raimond, the Foreign Minister, might eventually visit the Iranian capital if necessary to improve the climate with Tehran.

Gadaffi warned

● MR CHIRAC warned Col Gadaffi on Saturday that, if "terrorism and irresponsibility" exceeded certain limits, reprisals would be necessary, writes Peter Blackburn from Abidjan.

Mr Chirac was visiting the Ivory Coast. However, Mr Chirac held back from openly supporting possible US military action.

At a press conference closing a seven-hour visit to the Ivorian political capital, Yamoussoukro, for talks with President Houphouet Boigny, Mr Chirac also confirmed that French troops would stay in Chad as long as Libyan troops remained there.

West Berlin plan to curb terrorism

THREE WESTERN allies in West Berlin announced "exceptional and provisional measures" to prevent potential terrorists from entering the city from East Berlin or East Germany.

The British, US and French commandants in West Berlin said on Saturday that measures had been agreed which would not violate the city's open border status.

They had conferred continually since the bomb attack on a West Berlin discoteque on April 5. The US had called for joint allied measures to bar Libyan diplomats in East Berlin, whom it claimed were involved in the attack, from entering West Berlin.

The allied statement said the West Berlin authorities were asked to "remove from the Western sectors" persons posing a threat to the population. On allied orders, the West Berlin police had already been controlling Libyan diplomats entering West Berlin from the East and following their cars in the city. They were not evicted from West Berlin, however, as the Americans desired.

US hopes rise for navy visit to China

By Robert Thomson in Peking

THE sensitive issue of a port call in China by US warships has resurfaced in the wake of comments by a senior US naval officer that agreement on a visit by British warships to Shanghai is a "hopeful sign" for an *American* call.

A US warship visit, the first since Communist rule began in 1949, was scheduled for last May but ran aground after the Chinese said they had a guarantee that the vessel would not carry nuclear weapons, while US officials maintained that they never give such guarantees.

Two British warships are expected to visit in July, and diplomats suspect that the Chinese will simply presume that the Royal Navy vessels will not be carrying nuclear arms, without asking for verification.

Admiral James Watkins, the US Chief of Naval Operations, who is on a nine-day visit to China, said at the week-end that the British agreement gave reason for the US to be hopeful, though he admitted that the matter has not yet been raised during his tour. "I would consider it essential to have such a visit, and look forward to it when it is appropriate," he told a press conference.

Sino-US relations faltered last year after the Communist party leader Hu Yaobang said that the planned US navy call would be "an informal visit" by a "conventional warship."

During a visit here just over a week ago, Mr Norman Lamont, the British Minister of State for Defence Procurement, said that the Chinese "understand our position, we understand their position" and the Royal Navy visit is "going ahead."

US officials see a port call as a significant symbol of its *growing military relationship* with China, a relationship which Peking is careful in handling, as it repeatedly says that it has an "independent" foreign policy and likes to keep the two superpowers at arm's length.

However, US sales of military equipment to China are expanding. The Reagan Administration formally informed Congress last week of plans to sell $550m in equipment to refurbish Chinese F-8 fighters.

WORLD TRADE NEWS

Hazel Duffy on how Polymark is promoting export hopes of other British companies

UK laundry group opens door to Poland

MR MACIEJ ZBIKOWSKI, director of the Polish branch of Polymark International, British-based laundry equipment and engineering group, has just returned to Warsaw with the hopes of several British companies in his briefcase. Some of these companies—including one large electronics group—have been trying to sell into Poland for years.

Polymark, with Mr Zbikowski at the helm, has succeeded in opening the door to Poland for many companies—British, Danish and American. Initially these were in similar activities to Polymark's own, but increasingly Polymark has been acting as agent and distributor for companies in unrelated sectors.

Polymark went to Poland seven years ago to negotiate a contract to sell laundry systems to the Polish mining industry. It did not get the contract—by the time its office in Warsaw opened in 1981, Poland had collapsed politically and economically, and the office had just four employees.

Today, it employs 82 Polish nationals and is the biggest of 122 EEC companies operating in the country. It expects to gain £1.25m sales this year, on which it will make a respectable profit remitted in hard currency, and aims confidently to boost that figure to between £5m and £10m in the next five years.

How has Polymark succeeded? First, it stuck it out in 1981 although the initial instinct, says Mr Mervyn Davies, managing director of Polymark Laundry Systems, was "to cut and run." Secondly, "and I have never really understood why," he adds, Polymark was from the outset granted a precious representational licence

This meant that it could import not only spare parts from its own company, but also from others.

Gradually, Polymark's representation extended outside the laundry business, and its Warsaw office now acts as selling and servicing agents for companies such as Carrier, Honeywell, Prestcold, Spirax Sarco in the UK, Herion in the US, Karcher and Klöckner-Moller in Germany, and FAG, Danfoss and Fe-Ro-Tex.

Polymark's Polish branch sells the components and spares for hard currency to the official agencies and to end users. End-user business has become much easier in the past couple of years with the expansion of small enterprises and a change in the law which permits them to keep part of their revenues in hard currency.

Local costs, including the salaries of engineers and six salesmen, are paid in zloty. The engineers, all of whom speak English or German, are trained by the companies which Polymark represents.

Polymark has not had to engage in bartering, although Mr Davies says he is being warned constantly by the Polish authorities that he should prepare for such an eventuality.

His sensitivity to Poland's needs suggest he knows the value of "offset." For example, he is building up an export business for the branch, which includes not only selling wooden coffins to the Germans but also, literally, taking in their dirty washing; laundering it in Poland, and returning it to Germany.

The message seems to be that, once in the market and trusted by the authorities, the opportunities will follow. Polymark's big breakthrough came three years ago with a contract from Orbis, the state tourist authority, to service all electrical and mechanical equipment, other than lifts, in 30 first-class hotels.

But how does a company go about getting a foothold? A Polish national who understands Western business is essential, says Mr Davies. He advises against the route frequently favoured by companies wanting to export to the eastern bloc, which is to use agencies based in Vienna, because such agencies are very expensive. This is reflected in the prices they quote in Poland which can be 40 per cent higher than in their own market. "The Polish are far more alert to prices now, and much more discerning about quality," he warns.

Soviet Union increases aid for Cuba in five-year deals

CUBA AND the Soviet Union have signed a series of trade agreements which will substantially increase Soviet aid to the island over the next five years, the official Cuban daily Granma said at the weekend, Reuter reports from Havana.

The four trade and economic co-operation agreements were signed in Havana by Mr Ivan Archipov, Soviet Deputy Prime Minister, and Mr Carlos Rafael Rodriquez, Cuban vice president with responsibility for foreign affairs, at the end of four days of negotiations.

Mr Rodriquez told the state-run Cuban news agency Prensa Latina that together they provide for 2.5bn roubles (£2.06bn) of new Soviet credits to Cuba between 1986 and 1990.

Granma said this represented a 50 per cent increase in Soviet credit to Cuba over the last five-year period.

The Soviet Union accounts for two-thirds of Cuba's external trade and provides the country with a massive flow of economic aid, estimated by Western diplomats at about $1bn a year.

Granma said the agreements provide for Soviet aid in several areas of the economy including electricity generation, petroleum, machinery construction, the electrical, chemical, metallurgical and pharmaceutical industries, sugar, transport and agriculture.

The latest economic agreements with the Soviet Union were crucial since Cuba faces a severe shortage of hard currency this year because of a poor sugar harvest and the slump in world oil prices.

The Soviet Union buys most of Cuba's sugar outputs at preferential prices and supplies the country with oil, including a margin which is re-exported for hard currency.

Australian casino plan attracts bid of A$600m

AN AUSTRALIAN-American joint venture has announced a bid to build the world's biggest gambling casino in Sydney for an estimated A$600m (£420m), Reuter reports from Sydney.

Australia's Hooker Corporation and Harrah, the US gaming organisation promised to build "the most exciting casino in the world." However, a representative for the venture refused to give details of plans to build Sydney's first legal casino, at Darling Harbour.

Four other bids have already been lodged in the tender, which closes on April 30.

The New South Wales government has stipulated that the proposed casino should have at least 500 rooms, 300 gambling tables and 1,500 video games.

The state, which wants the casino to open by 1988, is expected to announce the successful bidder by the end of June.

Volvo in Belgian deal

Volvo of Sweden has won a BFr 3.5bn (£50.7m) contract to supply the Belgian armed forces with 1,228 Volvo N-10 heavy vehicles, Reuter reports from Brussels.

Turkish textiles industry and EEC agree quotas deal

BY MAGGIE FORD IN BRUSSELS

AN agreement reached on Friday between the European Commission and Turkish industry representatives over textile imports could ease the way for a resumption of normal relations between the EEC and Ankara.

The agreement on 12 categories of textile imports followed an earlier set of successful negotiations last December and was reached with Turkish officials present.

Mr Willy de Clercq, the EEC External Relations Commissioner, said he hoped that the agreement would enable the two sides to avoid future difficulties in their relationship over the sensitive textiles issue and that it would receive the full backing of the Turkish Government.

Relations between the EEC and Turkey have been effectively frozen because of Turkey's human rights record under its former military government, but last month the Commission proposed a series of measures which could lead to a gradual thaw.

Turkey is the EEC's largest supplier of textiles. Friday's agreement, which covers 1986 to 1988, follows a series of acrimonious negotiations last year. Under it, import levels of T-shirts, pullovers, trousers, blouses, shirts, bedlinen and other outer garments have been determined on a Community-wide basis.

Import levels for socks, underwear, dresses, table linen and tracksuits have been agreed on a regional level. They take account of the import penetration achieved by Turkey and allow a reasonable level of growth in Turkey's exports to the Community, the Commission said.

The new arrangements complete the agreement negotiated in December, which covered imports of cotton yarn, cotton cloth, towelling, acrylic fibres and velvet, for the year 1986 to 1987.

The most difficult issue facing EEC negotiators, who are to meet Turkish officials later in the year for talks on the country's Association Agreement, involves the free movement of immigrant workers.

Under Turkey's Agreement, free movement is supposed to come into force on December 1, and a common EEC negotiating position will be difficult to reach. More than 1.5m of the 1.9m Turkish workers in the EEC are based in West Germany.

UK clothes trade deficit blamed on export failings

BY ANTHONY MORETON, TEXTILES CORRESPONDENT

BRITAIN'S trade deficit on textiles and clothing is due to its inability to export, especially to other EEC countries, rather than to any surge of imports, according to a report about to be presented by the Hong Kong Government.

Hong Kong, whose share of the UK market in these products has fallen to under 10 per cent from an average of 16 per cent over the years 1974-77, maintains that the cuts forced on it by the Multi-fibre Arrangement (MFA) have not benefited othter low-cost producers. "Hong Kong's lost share has been taken by EEC suppliers," it says.

The MFA, introduced in 1974, is the world accord that regulates a large part of trade in textiles and clothing. It ends this July and its extension is the subject of detailed talks.

The provisions of the MFA, especially in 1978 and 1983, which squeezed Hong Kong's access to the UK, are based on the false premise that growth of demand would be low, according to the colony.

As a first step towards liberalising the MFA the UK should consider restoring the cut-backs enforced in those years and reverting to the original aims of the MFA which envisaged considerable growth from the low-cost producers into Europe.

The UK can afford a more liberal textile regime and might benefit from it, according to the colony.

Hong Kong itself offers a new market for UK exports, worth almost £1bn last year, and the UK should take advantage of this.

The textile and clothing industry is not, however, taking advantage of higher productivity, rising production, increased consumer demand and better profitability, says the report.

Exports continue to lag well behind imports with the level of exports barely more than half the import level, even in trade with the EEC.

Egypt development bank arranges credit lines

BY TONY WALKER IN CAIRO

THE EXPORT Development Bank of Egypt (EDBE), has opened credit lines with several foreign banks. It signed facilities for FFr 75m (£6.9m) with Credit Commerciale de France and FFr 50m with Credit Internationale et Commerciale. Both deals are backed by Copace, the French export credit insurance agency.

The EDBE has also opened a credit line with Berliner Bank for DM 20m (£5.8m), guaranteed by Hermes, the West German agency.

The EDBE said the funds would be used for the import of materials, equipment, and services from France and West Germany. The bank, which is advised by Samuel Montagu merchant bank of the UK, was established last year, at the urging of the World Bank, to encourage Egyptian exports.

Meanwhile, UGI, part of the Hanson Trust of the UK, has won a £3.2m contract to supply 150,000 gas meters to be installed in Cairo. The contract was awarded by Egypt's Natural Gas Projects company under an ECGD-backed line of credit arranged between Midland Bank and the local Misr International Bank. The meters will be delivered over two years.

SHIPPING REPORT

Interest rates brighten outlook for shipowners

BY ANDREW FISHER, SHIPPING CORRESPONDENT

FREIGHT RATES continued their decline last week. Shipbrokers saw few signs of any immediate upturn, although the drop in fuel prices should help shipowners' finances and eventually boost trade.

Lower interest rates are also a help to many hard-pressed shipping companies. Orient Overseas (Holdings) Ltd., the container side of the financially troubled C. H. Tung group, reckons it should save up to $10m (£6.9m) a year with lower bunker costs and interest charges.

This will obviously help the cash flow of the company whose banks are struggling to work out a restructuring programme, details of which could emerge this week. Total debts of the quoted OOHL and the private Tung companies exceed $2bn.

Once oil prices stabilise, demand for tankers is expected to increase now that a large number of surplus tankers have been scrapped. But last week saw no end to the market's confusion.

Galbraith's, the London broker, said little business had been openly quoted for VLCCs (very large crude carriers of over 200,000 deadweight tons). One 295,000 dwt ship, however, was reported to have been fixed from Iran's Sirri Island to the West at a low Worldscale 22.

The dry cargo market remained poor. Denholm Coates said: "Good news is in short supply and no immediate developments are anticipated that could change the present downward tendency."

World Economic Indicators

FOREIGN EXCHANGE RESERVES
($m)

	Feb. 86	Jan. 86	Dec. 85	Feb. 85
US	14,283	13,318	12,856	6,301
UK	10,513	9,834	9,740	6,415
W. Germany	40,978	39,653	39,025	33,139
Japan	23,193	22,769	22,328	22,302
Italy	13,259	12,204	14,029	17,703
Belgium	4,122	3,837	3,969	3,731
Netherlands	9,495	9,367	9,170	7,222
	Jan. 86	Dec. 85	Nov. 85	Jan. 85
France	23,836	24,319	21,502	19,102

Source: IMF

We're behind them all.

Hanson Trust makes £1.9bn takeover bid for Imperial Group

BY CHARLES BATCHELOR

HANSON TRUST, the fast-growing industrial holding company headed by Lord Hanson, last night launched a £1.9bn takeover bid for Imperial Group, the brewing, tobacco and food concern. The ...

Imperial's agreed £1.22bn bid for United Biscuits ... on Monday with a hostile £1.90bn bid from Argyll Group for Distillers ... GEC ...

deal for United. We ... ceive it as being ... for Imperial's ...

(FINANCIAL TIMES)

Dixons launches record £1.6 bn takeover battle for Woolworth

By Margareta Pagano, City Correspondent

A fierce battle for control of the Woolworth chain began ... day when Di...

The terms of the offer are new Dixons' shares and 16 Dixo... convertible preference shares f...

(FINANCIAL TIMES)

GEC ready to move on Plessey

BY IAN RODGER

THE GENERAL Electric Company could launch its £1.16bn takeover bid for Plessey as early ...

lems currently confronting no only telecommunications bu indeed the entire electronic industry in the United Kingdom," he said.

"We believe your view of the prospects of achieving significan profitable growth in the ye ahead, as expressed in ... public ...

(FINANCIAL TIMES)

Monopolies inquiry could scupper £1.3 billion ...

Imperial and United agree to merge

By Andrew Cornelius

Imperial Group and United Biscuits yesterday announced details of an agreed merger. The deal, which was signalled by the companies last week, will ...

(GUARDIAN)

Guinness plans agreed merger with Distillers

BY DAVID GOODHART AND MARK MEREDITH

A RECORD British takeover bid was unveiled yesterday when Guinness ended several days of ... and announced a ...

the Guinness-D... had ... ment ... of ...

(FINANCIAL TIMES)

Argyll extends offer for Distillers

By Charles Batchelor

Argyll Group, the supermarket concern which is bidding £1.8bn for Distillers, the Scotch whisky group, yesterday extended its offer for a further three ...

its pension fund, took its holding in Distillers to 14.45m shares, or 3.98 per cent of the equity.

failed to make any real progress with this offer.

"This is no doubt due in part to its complete in...

(FINANCIAL TIMES)

Coats opts for £690m Vantona counter-offer

BY ANTHONY MORETON, TEXTILES CORRESPONDENT

VANTONA VIYELLA yesterday launched a £689.5m agreed counterbid for Coats ...

Mr David Alliance, manag... director of Vantona Viyella ...

(FINANCIAL TIMES)

Now Rank goes for Granada

A £775 MILLION MOVE B... AMBITIOUS BERNSTE...

by David Ireland

BACK in the City's good books and fresh from catching analysts napping with record profits, Rank Organisation has launched an ambitious near £775 million bid for ...

comes less than a month after Granada called off merger talks with Ladbroke.

Granada shares leapt 66p to 606p on the bid and market-men thought the news made sense too for Rank, whose shares climbed 20p to 564p. With Rank offering five shares ...

(LONDON STANDARD)

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UK NEWS

Hazel Duffy examines the rising cost of professional indemnity insurance

Risky business for professionals

"DONT SUE ME, I haven't got insurance."

That is the notice which is reputed to hang in some doctors' consulting rooms in the US where insurance claims and settlements have been escalating fiercely – to the detriment of the providers of professional services and insurers alike.

Law practice in the UK differs in two key respects. Class action, whereby groups sue in concert, is much less common, and lawyers' fees are not related to the financial success of the action which they bring.

But the number of claims and settlements against some professions in Britain is sharply increasing. There are several reasons, of which heightened consumerism is one of the most important. The trend is hitting the professionals where it hurts most – in their pockets.

Insurance premiums are being raised substantially. Some professional firms are finding it difficult to get cover. The Guardian Royal Exchange announced recently it would be withdrawing from insurance against negligence for international accountancy firms. However, the group will continue to provide cover for another three years where brokers cannot fill their book. GRE says that to stay in this market would mean raising premiums tenfold.

The accountants, although not necessarily the worst-hit profession, have an added worry. Auditors of companies in the financial services sector have been warned by brokers that they are facing a new element of risk arising from legislation.

The Government is broadly sympathetic to the problem, although it is anxious that this factor should not be mixed up in the general concern over professional indemnity insurance premiums. Its response could be a ministerial statement at the report stage of the Financial Services Bill later this month, on the role and responsibilities of auditors.

The Institute of Chartered Accountants and the Association of Certified Accountants have both asked the Government to consider statutory capping of the amount for which they can be sued, particularly in the light of their fear that some of the huge claims and settlements emanating from the US and Australia could come to the UK.

The UK Government's own case against the auditors of De Lorean and Johnson Matthey Bank has also scared the profession.

The case which is perhaps most worrying is the award by the Supreme Court in Australia of damages totalling A$145m (£72.5m) against an audit firm for not qualifying its report on the accounts of a finance company which later went into liquidation. The award swamped the firm's insurance and the partners are to be held personally liable.

Britain is affected by what happens in other countries. Many of the big accountancy firms are international, and insurance cover is placed around the world.

Aside from auditing, the expansion by accountants in Britain into new areas of activity giving advice on financial services also brings added risks for the unwary.

Statistics are hard to come by, but a survey carried out on data provided by Bowring, which runs the Institute of Chartered Accountants' scheme, shows that charges against auditors for negligence as a percentage of all charges actually fell between 1972 and 1982 – although this remains the highest risk area measured in money terms.

Charges on taxation work and advice, conversely, jumped from 6 per cent to 27 per cent during the same period. The figures, quoted in a summary work* on professional liability, show a rise in the number of firms registering claims from 35 of 850 surveyed in 1964 to 562 of 3,000 surveyed in 1983. The indications are that this trend has continued, and that a firm has a probability of one in five of facing one or more notifiable claims.

Many claims do not result in settlements. But underwriters, not wanting a large number of unsettled claims pending, will sometimes make settlements which the accountant partners judge would not succeed. And for the firm, once a claim is made, provision for settlement has also to be made.

The ICA/Bowring scheme is mostly taken up by smaller firms, and the certified accountants run a similar scheme with Tozer Phillips. Professional indemnity insurance in both wings of the profession is voluntary – for solicitors, for example, it is mandatory – but the institute plans this year to seek members' approval for a proposal which would make maintenance of insurance a condition for renewing members' certificates of practice.

* Insurance, Page 30

Unionists' firm line dashes talks hopes

BY HUGH CARNEGY

LEADERS of Northern Ireland's two main Unionist parties have no intention of softening their demand that the Anglo-Irish agreement – which gives Dublin a say in the affairs of the province – must be suspended before they can enter talks with Mrs Margaret Thatcher, Prime Minister.

This was made clear yesterday by Mr Peter Robinson, deputy leader of the Democratic Unionist Party (DUP).

Mrs Thatcher is expected this week to reiterate the Government's willingness to act "sensitively" in implementing the accord, implying a slowdown in the work of the Anglo-Irish conference, but to reject suspension, leaving little prospect of an early break in the present violent deadlock in the province.

Her response will be in the form of a letter to Mr James Molyneaux of the Official Unionist Party (OUP) and the Rev Ian Paisley, leader of the DUP, the latest in an exchange on the possibility of resuming talks which broke down in February.

Mr Robinson, MP for East Belfast, said in an interview on Irish radio that any talks held without first suspending the agreement could not produce "any package that would be sellable in the community."

Mr Robinson said talks would have to be about an alternative to and replacement of the agreement. He said, constitutional opposition to the accord was not exhausted.

One of the difficulties facing both London and Dublin is that any concession to the Unionists would be regarded with alarm by Nationalists, the main beneficiaries of the agreement.

Mr John Hume, leader of the Social Democratic and Labour Party, the main nationalist party in the north, said yesterday that he could not approve suspension of the accord. Such a move would be "a serious climbdown."

Labour plans new move on Militant

BY MARGARET VAN HATTEM

LABOUR'S national executive committee (NEC), which meets next Friday to change its rules to enable it to act against Militant Tendency, the Marxist group, without the co-operation of left-wing members, is confident the move will not be vulnerable to legal challenge.

Earlier attempts to hear charges against 12 Liverpool-based supporters of the Tendency were aborted when seven left-wing members walked out, depriving the meeting of a quorum. The NEC hopes, on Friday, to change its standing orders relating to quorums, so that in the current affair, only nine of its 12 members would need to be present.

Members are confident that the NEC is legally empowered to change its own standing orders as the majority on it sees fit and that any threats of legal action by the Militants should not impede the NEC's ability to continue almost immediately with the disciplinary hearings.

The hearings are expected to lead to a number of expulsions, including those of Mr Derek Hatton, deputy leader of the Liverpool City Council, Mr Tony Mulhearn, chairman of the Liverpool District Party, and Mr Terry Harrison, his deputy.

A number of NEC members consider action against these three to be essential if the action against the Militants is to have any credibility.

Militant has been accused by Labour of acting as a party within a party and, therefore, in violation of the Labour Party's constitution.

At a meeting of the NEC earlier this year Mr Neil Kinnock, the Labour leader, made clear that Militant members were on their way out.

He said: "We have satisfactory evidence of people's membership of an unconstitutional organisation. We must take strict and straight action to put them out. That is our duty."

Channel Tunnel Group plans £600m share offer

BY ANDREW TAYLOR

SHARES WORTH about £600m in the Channel Tunnel project could be offered for sale to the public in Britain and France about the middle of next year, according to the Channel Tunnel Group (CTG). The group plans to sign a series of key agreements next month, including a loan memorandum.

The memorandum will establish terms for a development loan of about £5bn to be underwritten by a consortium of 37 international banks. It will pave the way for the signing of a more detailed loan agreement at the beginning of next year.

CTG will pay a commitment fee of ⅛ per cent per annum to the banks, when the loan memorandum is signed in the middle of May. At the same time CTG's British and French shareholders will invest £50m to provide initial working capital for the project.

CTG is planning a share placing in June to raise £150m. These will be placed with a wide spread of British and French institutions. The issue is to be handled by Morgan Grenfell and Robert Fleming in the UK with Scrimgeour Kemp Gee and Fielding Newson Smith as brokers. Banque Indosuez, Crédit Lyonnais and Banque Nationale de Paris will handle the issue in France.

A much larger £850m international share issue is planned for around the middle of next year. Of this, 20 per cent will be placed with institutions in Japan and the US. The remainder will be sold in Europe, with a very large proportion being made available for general offer in Britain and France.

The timing of financing and construction agreements is crucial if the twin-bore rail tunnel is to be completed in time to open for 1993 summer traffic.

The seven-year contract to design and build the cross-Channel link will also be signed next month. The 10 British and French construction shareholders in CTG are forming a separate joint venture

The contract, worth £2.33bn at 1985 prices (rising to more than £5bn after allowing for inflation and interest charges on loans), provides for:

- A fixed-price contract worth £934m to build terminals at either end of the tunnel and to provide fixed equipment such as railway track and electronic signalling
- A target-price contract of £1.17bn to build the tunnels themselves. A target-price contract means that costs arising from failure to meet deadlines are shared between contractor and client.
- Procurement of £227m of rolling stock for the rail shuttle.

British Shipbuilders presses price claim against Japanese

BY ANDREW FISHER, SHIPPING CORRESPONDENT

BRITISH SHIPBUILDERS (BS) has decided to go ahead with its EEC anti-dumping case against a Japanese shipbuilder which it claims won a recent order through unfair pricing.

State-owned BS said the £3m-£4m difference between the Japanese and European prices for a waste nuclear fuel carrier could not be explained by varying material and labour costs. A French yard was also in the bidding.

British Nuclear Fuels (BNFL) ordered the ship from Mitsubishi Heavy Industries, because the Japanese company made the lowest bid. The ship, Pacific Pintail, will carry irradiated nuclear fuel from Japan to the UK and France.

BS, desperately seeking new orders with its merchant yards now left with only about nine months' work, has put its arguments informally to EEC officials and is now preparing a formal case to put before the Commission.

While the Pacific Pintail order at around £10m is small in Japanese terms – Japan is the world's largest shipbuilding country – BS is keen to enter the market for this type of specialised ship.

It has previously built four such vessels for BNFL. The new ship was ordered by Pacific Nuclear Transport, of which BNFL is the majority shareholder. Japanese and French shareholders own the remaining equity. British and French prices for the ship were about £13.5m.

Mitsubishi, which will build the vessel at its Kobe yard, said its bid had been a commercial one. While it has not built a waste fuel carrier before, it has converted a cargo ship for such a purpose for domestic use.

Much of the equipment for the Pacific Pintail will come from Europe.

RIGHTS ISSUE TO FUND ADVERTISING AGENCY'S ACQUISITION PLANS

Saatchi plans £400m cash call

BY TERRY GARRETT

A £400m rights issue will be launched this morning by Saatchi and Saatchi, the UK-based international advertising agency, to fund its aggressive acquisition programme.

The call on its shareholders will be a heavy one with seven new shares on offer for every eight already held. The price will be a little over 700p a share against Friday's London close of 945p.

The demanding issue will, however, be supported by an enthusiastic profits forecast for the year to September 30. Saatchi will be forecasting pre-tax profits in the region of £67m against last year's £40.5m.

Recent stockbrokers' forecasts had centred on £55m for the current year though these would not include the benefits of the rights issue money.

Saatchi will not be making any specific statement about its acquisition intentions other than a broad indication of its ambition to pursue a policy that will make it global market leader in 10 business service sectors ranging from design to corporate planning.

Under the guiding hands of the two Saatchi brothers, Charles and Maurice, the group has already demonstrated remarkable growth. In less than a decade it has risen from obscurity to be the largest agency in the UK and Europe and number four in the world. Acquisitions have featured strongly in its development.

There has recently been some speculation that there would be a major acquisition of a US advertising agency. More than half group profits already arise in the US.

One Saatchi executive suggested yesterday, however, that a rights issue of this size would position Saatchi so that it could contemplate major takeovers as well as funding a steady stream of in-filling acquisitions for its fast expanding network.

In the last 15 months Saatchi has made seven major US acquisitions topped by February's £51m purchase of Dancer Fitzgerald Sample, ranked 16th in the world. This spending spree has cost Saatchi over £150m.

Pay deals average 6¼% in quarter

By Hazel Duffy

PAY SETTLEMENTS in British manufacturing industry averaged 6¼ per cent in the first quarter of 1986, according to figures published today from the Confederation of British Industry's (CBI) Pay Databank.

Provisional figures show the same level of increase as in the last quarter of 1985 (also provisional) and compare with average settlement levels of 6½ per cent in the first three quarters of 1985.

The relevance of the figures for the first quarter is that they include January settlements which, along with April, is the most important month for pay deals. They also provide the backdrop to the CBI's pay presentation exercise to members which this year starts off with a meeting of top manufacturing companies

The idea behind the meeting, which takes place next month, is that companies provide a feel for the way they see pay settlements shaping up in the next annual round starting in the autumn.

This will be fed into the presentation exercise with the aim of being able to present a more polished effort to persuade employers that they keep settlements in line with productivity.

Databank figures for the first quarter covered 215 companies – just over half the total number of settlements normally expected in this period. Some 20 per cent of settlements since August 1 1985 have been in the 4½ per cent to 5½ per cent range, a third in the 5½ per cent to 6½ per cent range, and another 20 per cent in the 6½ per cent to 7½ per cent range.

Barclays Bank 'losing accounts over S. Africa'

By Nick Bunker

FOUR OXFORD colleges and a number of national organisations have withdrawn accounts from Barclays Bank since a state of emergency was declared in South Africa last July, according to a report published today by an anti-apartheid pressure group.

The sixth annual Barclays Shadow Report, produced by End Loans to South Africa (Eltsa), claims that Barclays is "the largest single foreign investor in South Africa." It says that the Oxford colleges – Balliol, Corpus Christi, Exeter and St Catherine's – have announced during the last nine weeks that they are to pull out of Barclays.

Eltsa, whose board members include Mr Neil Kinnock, the Labour leader, also lists the charities Mind, Oxfam and Shelter, the London Borough of Greenwich, the British Association of Social Workers and the Royal Town Planning Institute as bodies which have taken accounts away from the bank.

Guthrie expected to be valued at £110m in London reflotation

BY CHARLES BATCHELOR

GUTHRIE Corporation, formerly one of the largest British plantation companies in Malaysia, will return to the London stock market in June in a flotation expected to value the group at more than £110m.

Guthrie is now a diversified industrial holding company. It made an estimated pre-tax profit of £14m on turnover of about £330m in 1985.

The Malaysian Government's investment agency, Permodolan Nasional, took control of Guthrie in September 1981 after a "dawn raid" on its shares that valued the entire company at £282m.

The Malaysians, who were primarily interested in Guthrie's extensive rubber estates, removed the plantations from the London-based company's control in 1982, leaving Guthrie with an assortment of industrial interests.

Guthrie makes the bulk of its sales in the US and Canada, which accounted for £225m worth of turnover in 1984. The largest part of the company is Page Avjet, a US company which services and maintains aircraft for airlines, designs luxury aircraft interiors for wealthy individuals and governments, and sells new and secondhand aircraft.

Guthrie also embraces Angus Fire Armour, a company supplying extinguishers, hoses and fire tenders and Duralay, a British manufacturer of carpet underlay.

Mr Jock Green-Armytage, then an executive director of N. M. Rothschild, the merchant bank which orchestrated the share raid, was brought in as managing director of Guthrie to reorganise the group and prepare it for an eventual re-listing on the London market.

Guthrie is to return to the stock market by means of an offer for sale of about 35 per cent of its shares in a deal which would raise about £35m and value the company at company's existing capital at £100m. It also intends to raise at least £10m by the issue of new shares. These figures are still provisional, however, and may be changed as flotation day approaches.

The Malaysian Government intends to retain control of the company for the foreseeable future and will continue to nominate the chairman and one non-executive director to the eight-member board.

A re-listing in London will allow the Malaysian Government to put a value on its investment and give Guthrie greater room for financial manoeuvre. It has struggled over the past four years to improve the profitability of its diverse interests but has had little spare cash for expansion, Mr Green-Armytage said.

Profits have recovered from a low of £1.73m on turnover of £257m in 1982 to £11.4m profits on turnover of £359m in 1984. Last year's further profits rise to an estimated £14m was achieved despite a slight fall in turnover which resulted from the rise of sterling against many foreign currencies

Background, Page 28

Political star-gazers set sights on May polls

Richard Evans says the Conservative Party will almost certainly face bad news in next month's local elections in Britain

THE NEXT key date for political pundits and star-gazers in Britain is Thursday, May 8. On that day the most important local government elections in this Parliament take place.

These should give a much better indication of the national standing of political parties than last week's by-election at Fulham, in west London.

Party managers will be able to judge whether Labour elation at wresting the Fulham seat from the Tories, Conservative disappointment and Alliance apprehension are justified.

Elections will be held in all 32 inner and outer London boroughs, and for the Inner London Education Authority for the first time, in the nine Scottish upper-tier regional councils, in the 36 English metropolitan districts and in one third of the 296 English non-metropolitan or shire councils.

About 5,300 seats will be up for election, contested by 16,000 candidates. The scale of the voting and its geographical spread should give the major parties a clear idea of their strengths and weaknesses as the run-up to the next general election increases in tempo. This will take place at the latest in the spring of 1988.

In addition, there is a strong possibility that the two outstanding by-elections at West Derbyshire and Ryedale in North Yorkshire will also be held on May 8. The Conservatives are on the defensive in both seats and tactically it would mean getting all the bad news over at once.

Labour tacticians are looking forward to the local elections with relish, partly because they are certain they will be on the winning side, and partly because of the vast improvement in their organisation.

The county council elections a year ago and recent by-elections culminating in the Fulham victory have shown that Labour campaign support is no longer derisory. The local elections are seen as an essential element in the build-up to the next general election.

One thing is certain: the Conservatives are going to do badly on May 8. This is not only because of the Government's mid-term unpopularity and poor standing in the opinion polls. They are defending seats won in 1982 when Mrs Margaret Thatcher, Prime Minister, was riding high on the so-called Falklands factor.

The elections four years ago occurred only days after the sinking of the Argentine ship, General Belgrano, and the loss of HMS Sheffield when nationalistic fervour was at its height.

The Falklands conflict meant the Tories recovered from the deep unpopularity of 1981 to their heights of 1979 and beyond.

The results represented the largest mid-term victory for the party in government since the Second World War. The main area to watch is London, which with an electorate of more than 5m and with nearly 2,000 seats to be contested, covers 92 parliamentary constituencies.

Also important are the 10 metropolitan districts holding full elections. They are Birmingham, Dudley, Gateshead, Kirklees, Manchester, North Tyneside, South Tyneside, Salford, Sunderland and Wakefield. Of these, Dudley, won by the Conservatives four years ago, is the most likely to change control.

Few dramatic changes are likely outside London because so many of the metropolitan districts only have a third of their councils up for election. The Conservatives could also lose control in Bradford, Bury and Sefton, however. There have been high rate (local property tax) increases averaging 13.5 per cent in England and Wales this year, but reaching 30 per cent in areas such as Bradford.

Bell Group seeks big stake in satellite broadcasting service

BY RAYMOND SNODDY

MR Robert Holmes à Court, the Australian businessman, is seeking a substantial stake in the British direct broadcasting by satellite (DBS) franchise.

Mr Holmes à Court's Bell Group has reached agreement to take up to 45 per cent of National Broadcasting Service, a British company set up to apply for the three-channel DBS franchise advertised by the Independent Broadcasting Authority (IBA) earlier this month.

The company was set up by Mr James Lee, former chief executive of Goldcrest, the independent film company.

As part of the deal the Australian entrepreneur has agreed to underwrite the satellite and development costs of the project, likely to be at least between £100m and £125m.

The move by Mr Holmes à Court is an indication of increasing commercial interest in creating a British DBS service which would broadcast three new channels of television from a high-power satellite to dish aerials of about 60 cm diameter on individual homes.

Another contender for the franchise is Direct Broadcasting Ltd (DBL) set up by Mr John Jackson, chairman of Celltech, the biotechnology company, and the Granada Group has also had preliminary talks on putting together a third consortium.

Mr Holmes à Court owns two television stations in Australia, has leased a channel on the Australian television satellite system, Aussat, and owns a library of 2,500 hours of television programmes through ACC. It is believed that Bell has been looking for an expansion of its UK media interests for some time.

Mr Lee is looking for British investors to complete the share capital of National Broadcasting Service – now renamed NBS Television. Only EEC nationals can control British DBS although the IBA says it has no objection to Mr Holmes à Court holding a minority stake.

Mr Lee says he is already talking to British Aerospace about the possibility of buying a three-channel satellite to offer an entertainment channel with the emphasis on the youth market, a news and current affairs channel and a national educational channel to carry everything from schools broadcasts to adult education and training programmes.

The company, *it is believed*, has already submitted a proposal to Independent Television News (ITN) to provide the news service

Cabinet studies pay deal for Whitehall

BY HAZEL DUFFY

PAYMENT of substantial compensation to meet the extra costs involved in living and working in London is one of the options being considered by the Cabinet Office to make the Civil Service more attractive.

The MPO (Management and Personnel Office), with responsibility for personnel matters in the Civil Service, is concerned that the Civil Service is finding it more difficult to recruit and keep people in certain sectors and parts of the country. London, and the most prosperous towns in the vicinity, are particularly vulnerable.

All civil servants working in inner London – with the exception of under-secretaries and higher – at present receive £1,365 a year in London weighting. The Council of Civil Service Unions is asking that this be raised to £1,787 as part of their overall pay claim this year, on which the Treasury is expected to come back with the revised offer this week.

The MPO would also like local managers to be able to pay special allowances as a means of attracting recruits, which would cease when vacancies had been filled.

The recruitment problem is most severe at the level of clerical officer, which is where the bulk of civil service work is done. While going for higher London weighting, the unions do not like payments made on a discretionary basis. But the Treasury believes it has made a breakthrough in this direction with union agreement that departmental managers have discretion to pay allowances to certain computer specialists where they think necessary – the scheme is now being implemented.

Higher up the ladder, the problem of retention is most apparent among "fast stream" principals, those who have come into the Civil Service as administration trainees. Although the number leaving is still very small, the trend is upwards and represents a loss of some of the best young brains in the Civil Service.

The Association of First Division Civil Servants, representing many civil servants on this grade, argues that considerations such as higher London weighting are not relevant – the issue is to relate civil service pay to the private sector.

The Treasury's argument is that it cannot, nor does it seek, to pay salaries which are current in parts of the private sector, but officials do admit they are concerned about the problem.

The MPO has yet to consult the unions on some of its ideas, although these have been informally discussed with ministers. The annual report of the Civil Service Commission to be published later this week will add support in its discussion of the retention problem.

TUC wants overhaul of employment law

BY PHILIP BASSETT, LABOUR EDITOR

THE TRADES Union Congress (TUC) is calling for a complete overhaul of employment law, based on unions' immunities from legal action, in favour of a "positive legal framework" resting on a system of guaranteed rights, including the right to strike.

The TUC's call is contained in a confidential policy document to be examined by its employment committee on Wednesday. It marks a significant shift in TUC thinking on the law, which has always been in favour of maintaining the present immunities-based system.

It was signalled in advance by a weekend speech by Mr Norman Willis, TUC general secretary, who told the TUC's East Anglia regional council annual meeting in Newmarket that there was now a consensus between the TUC and the Labour Party about the future direction to be taken on the issue of employment law.

The party and the unions are to present to their autumn conferences a joint statement on the issue under the general title "Industrial Relations and Industrial Democracy."

Mr Willis emphasised in his speech that the statement would not set out in detail proposed policies. The two sides are clearly keen for Labour not to go into the next general election with a specific platform of changes in the law. They fear that this could draw them into lengthy and diverting arguments about issues such as the precise boundaries of lawful strikes, statutory trade union recognition provisions, or the possible role of a Labour court.

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UK NEWS

Michael Donne looks at Europe's most ambitious aircraft venture

Proving time for aero technology

THIS WEEK, one of the most significant and expensive experimental aircraft yet built in the UK will be ceremonially towed out from its assembly hall at British Aerospace's Warton, Lancashire, factory in the presence of Mr George Younger, the Secretary for Defence.

Called simply EAP (Experimental Aircraft Programme), this sleek, powder-blue aircraft has cost the UK Government and aerospace industry jointly so far more than £180m, with smaller inputs of cash and work from the West German and Italian governments and industries.

Its significance is that it is a "technology demonstrator" – not a prototype – designed to embody many of the most advanced ideas in production techniques, new materials, electronics and even new ways of flying, that will ultimately be used in a more ambitious and expensive programme, now being planned. This is the multinational, multibillion pound European tactical fighter aircraft, called the Eurofighter, which is envisaged for the mid-1990s. Precise Eurofighter costs are not yet revealed.

There is only one EAP, but there will eventually be more than 800 Eurofighters. The EAP will fly around the end of May or early June, this year, and it will appear at the Farnborough Air Show in September, rivalling the French-built Rafale, itself a forerunner of another new tactical fighter planned by that country.

The difference between the two is that the Eurofighter will be an air-superiority aircraft while the Rafale derivative (not yet named) will be primarily a ground-attack aircraft.

By the time of its first flight, the EAP will have already achieved much of what it was originally intended to do – prove that all of today's advanced aerospace technologies can be combined in one aircraft. During the three years or more of EAP's development, the UK aerospace industry has learned many of the skills it will need for work on the forthcoming Eurofighter itself.

The EAP's flight programme will last at least three years, until the first prototypes of the Eurofighter emerge around 1990. This will involve further funding for the EAP, which is now under discussion between the UK industry and the Government. By the time the EAP goes to Farnborough, the way should be clear for it to fly extensively over the rest of this decade in support of the Eurofighter programme.

While this is going on, the preparatory work for the Eurofighter itself is being pushed ahead. The current "project definition" phase is nearly completed, and go-ahead for full-scale development from the four governments involved – UK, West Germany, Italy and Spain – is expected by about the end of this year.

As conceived at present, the Eurofighter is a four-nation programme. Ideas for some US and French participation have so far come to nothing, and the further down the road of project definition the venture gets the less likely it is that other nations will get shares in it, although the door is not yet completely closed.

Eurofighter will be a twin-engined, single-seat air-superiority aircraft, of between 9.5 and 10 tonnes. Some 800 aircraft are envisaged. The cost and work-sharing will be on the basis of the UK and West Germany taking stakes in it of 33 per cent each, Italy 21 per cent and Spain 13 per cent.

This would imply that the UK and West Germany would take about 260 aircraft each, Italy about 160 and Spain around 100, but these numbers have not yet been precisely defined.

Work on setting up the management organisation for the Eurofighter is well advanced, based substantially on the experience of the Panavia group building the current Tornado UK-West German-Italian combat aircraft, but separate from that organisation.

A company called Eurofighter has been set up by the airframe companies involved (British Aerospace, Messerschmitt-Bolkow-Blohm, Aeritalia of Italy and Casa of Spain). Its managing director (designate) is Mr F. G. Willox, currently director of projects at the British Aerospace Military Aircraft Division at Warton.

There will be a similar structure on the engine involving Rolls-Royce, Motoren- und Turbinen Union, Fiat Aviazione and SENA of Spain. It will build the new engines for Eurofighter, based on the XG-40 experimental engine on which Rolls-Royce has been working for some time.

Similarly, a multigovernment structure to control the entire venture is being put together. It will operate rather like the Nato Military Aircraft Management Agency (Namma) that oversees the Tornado venture, but its precise format is not yet settled. It is even possible that Namma could fulfil this role, as well as overlording Tornado.

The aim with Eurofighter is to have four assembly lines, one in each country, but with each industry building parts and equipment for all aircraft. The first equipment and component contracts will be awarded on the basis of competitive tenders, and at fixed prices, with the first coming later this year.

But the governments involved, as with Tornado, are expected to encourage companies in the four countries to get together to form consortia to bid for the contracts.

In both the EAP and the subsequent Eurofighter, the European aerospace industries are involved in their most ambitious venture yet, far exceeding in cost and technological complexity the Tornado aircraft, for since the latter was first conceived in the late 1960s, technology has moved on substantially.

Top stores support trading on Sunday

By David Churchill, Consumer Affairs Correspondent

THE MAJORITY of Britain's 10 largest retail groups will eventually open for trade on a Sunday if the Government's Shops Bill becomes law.

This has become apparent over the past few days as a number of small retailers have made clear their opposition to Sunday trading.

But among the largest stores chains there is much stronger support for the concept of liberalised shop opening hours.

Five out of the top 10 UK retail groups – listed according to sales figures – are firm supporters of removing restrictions on shop opening hours. They are: Woolworth Holdings, Burtons, Asda/MFI, Dee Corporation and Tesco.

Another leading retailer, J. Sainsbury, already opens its do-it-yourself stores on a Sunday and admits it would have to consider supermarket openings if other grocers did so.

Even Marks and Spencer, which has not positively campaigned against the Government's Shops Bill, acknowledges that it may have to open on Sunday in its new out-of-town superstores to keep in line with other traders.

Staunchest opponents of Sunday trading among the top 10 retail groups are Sears Holdings – whose retail interests include Selfridges department store and the British Shoe Corporation – and the Boots chain.

Outside the top 10 UK retailers, there is strong support for Sunday trading from Sir Terence Conran's Storehouse group and newsagents W. H. Smith.

Dixons, which is currently bidding for Woolworths, is against Sunday trading.

Mr Nigel Whittaker, a director of Woolworth Holdings, has been one of the key organisers of retailers in favour of Sunday trading. He said yesterday that it was "obviously legitimate for a minority of retailers to take the view it would be unprofitable for them to open on Sundays."

But, he added, "it is absurd and as outmoded as burning at the stake to suggest that retailers who wish to meet the demands of customers who want them to open on Sundays should be subject to the criminal law."

Economic slant on teaching

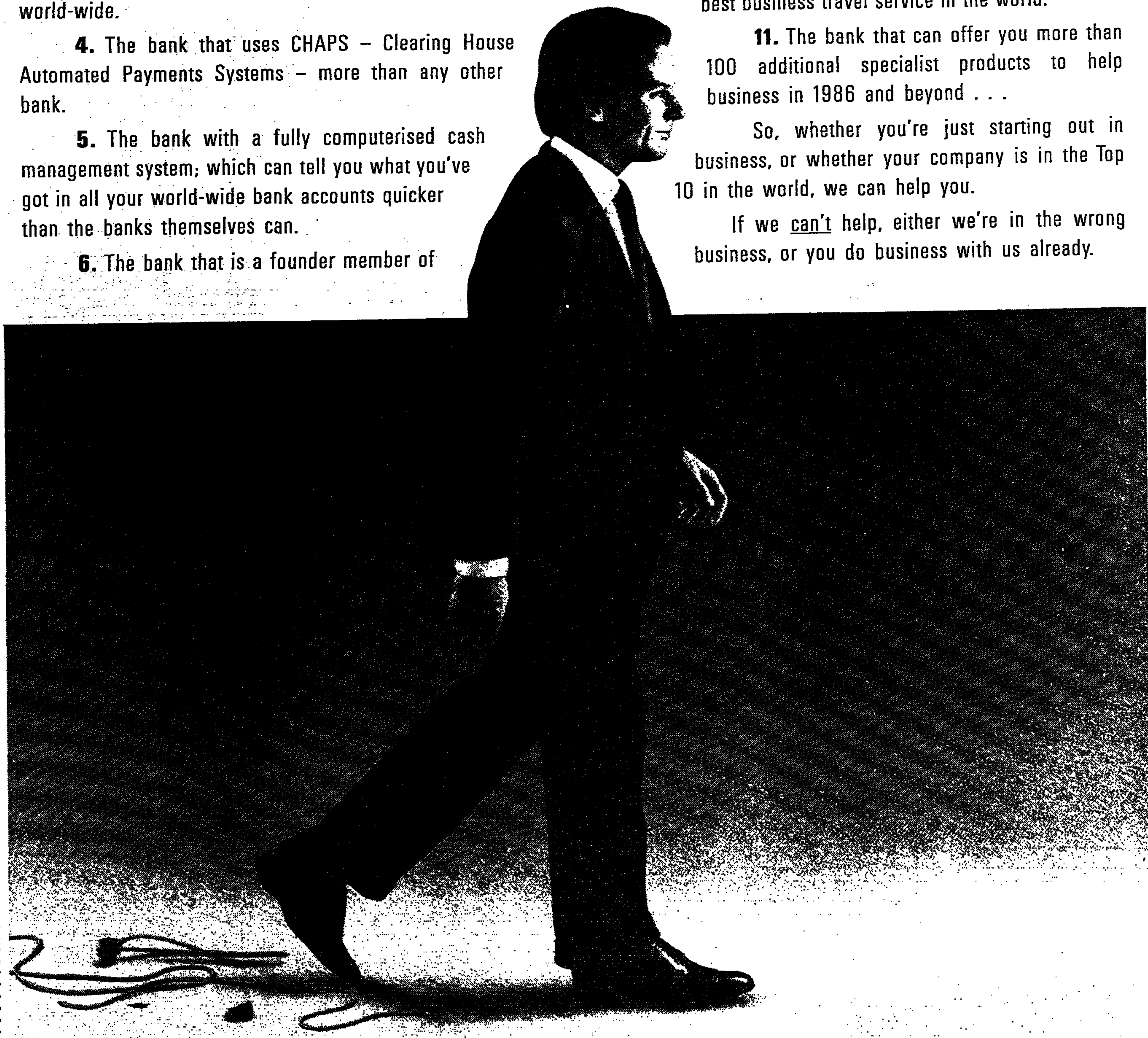
By Michael Dixon, Education Correspondent

A £1m project to train teachers to include an economic dimension in their lessons will be launched today by Sir Keith Joseph, Education Secretary.

The scheme, based initially in London and Manchester, is backed by companies such as BP and Unilever as well as the departments of Education and Science, and Trade and Industry.

Dr Linda Thomas, director of the project, said the aim was to train school staff to use economics as a vehicle for teaching other subjects, rather than to teach it as a specialist topic.

"For example, a biology teacher might spend time on the economic effects of smoking in addition to the health effects, or a religious education teacher might look at the moral aspects of economics."



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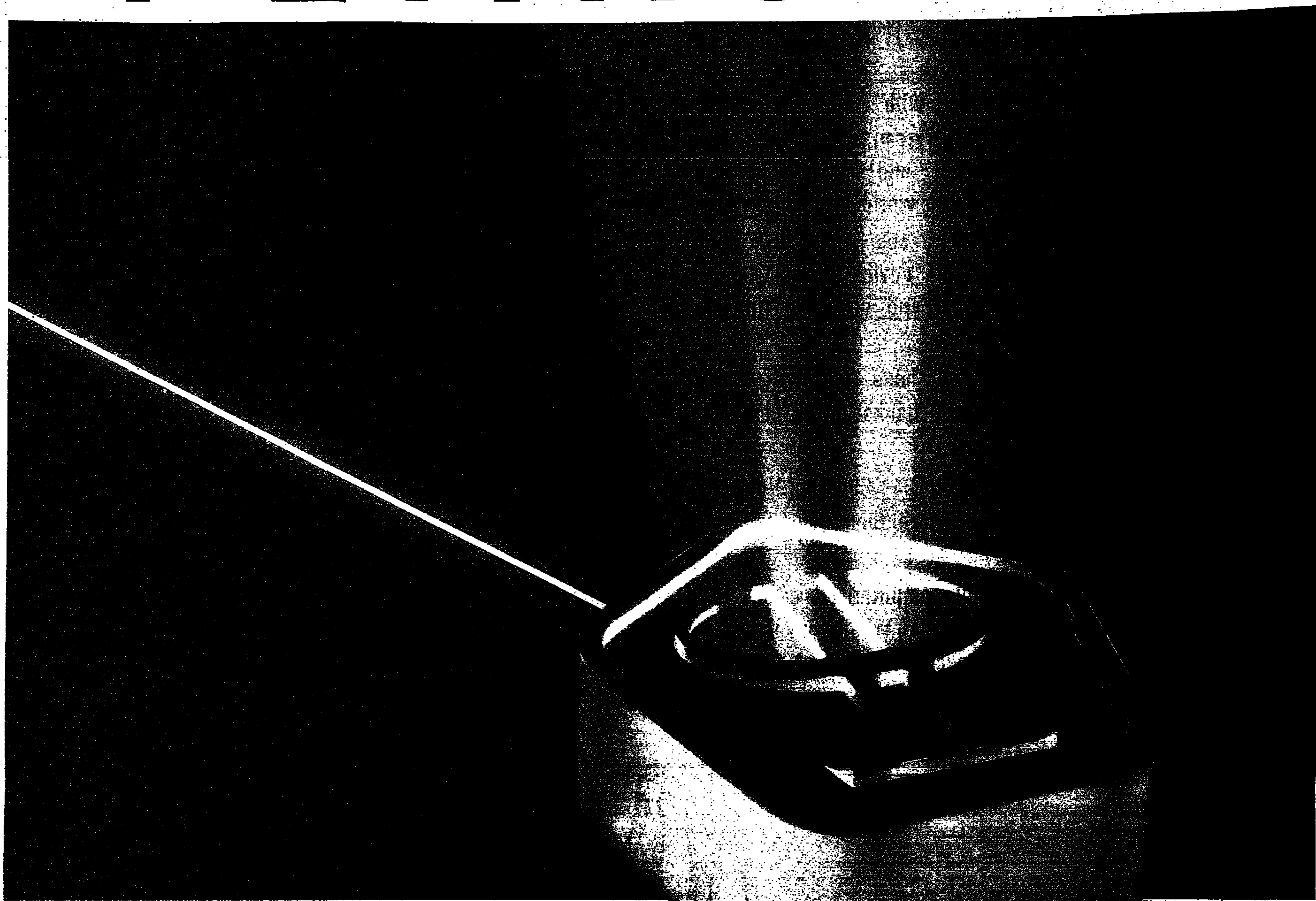

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Information and Entertainment	Engineering	Merchant Banking	Fine China	Oil and Oil Services

During 1985 the Financial Times' circulation increased to record levels in the United Kingdom, Continental Europe and the USA, where it commenced printing by satellite in July. It had a very successful year financially, won numerous editorial awards and also launched a new on-line statistical service, Finstat, as part of its build-up in the area of electronic publishing.

Westminster Press, despite an increase in advertising volume and revenue, did not meet expectations and has begun a programme of reorganisation under the direction of Frank Barlow, who is now chief executive of both Westminster Press and the Financial Times.

Longman's profits and sales increased substantially in 1985 and the pace of development masterminded by Tim Rix was fast. Three events stand out: the formation of Longman Cartermill, Longman's first venture into electronic on-line publishing, the acquisition of Pitman and, in the US, the creation of the Longman Financial Services Institute.

Penguin, inspired by Peter Mayer, celebrated its 50th anniversary in style, winning literary awards for itself, Viking, Kestrel and Puffin and acquiring the distinguished publishing houses Hamish Hamilton, Michael Joseph, Rainbird and Sphere.

Madame Tussaud's and its UK subsidiaries, led by Michael Herbert, collectively attracted over five million visitors and its profits substantially surpassed the record level of the previous year.

Our associate company, Goldcrest, had a miserable year. Its main release, Revolution, cost far more to make than was intended and was badly reviewed. The future success of the business will largely depend on two films to be released this year, Absolute Beginners and The Mission. Jake Eberts has returned to lead the management team.

Information and Entertainment				

In 1985 the profit level of Fairey remained good. Derek Kingsbury has organised the development of the company since he became responsible for the Engineering sector of Pearson in 1983.

Fairey announced a restructuring at the beginning of 1986 which will focus its business onto four core activities, aerospace and subsea engineering, electronics, filtration and industrial ceramics.

Information and Entertainment	Engineering			

Lazard Partners, chaired by Michel David-Weill, continued to develop collaboration between the three Lazard houses. Activity in New York, Paris and London was high, with the latter, under the leadership of Sir John Nott, successfully developing a number of new business areas and avoiding the temptation of purchasing the expensive goodwill of other City firms.

1985 was a year of continued progress for Royal Doulton, where Stuart Lyons is now managing director. The company achieved record sales and profits, demand remained buoyant and the year ended with full orderbooks. Further expansion of ranges, markets and production is envisaged.

In spite of increasingly difficult market conditions, the performance of Camco, under the leadership of Gil Tausch, surpassed that of most of its competitors in the oil services industry. Sales and profits both rose.

If you would like to know more about Pearson's activities please post the coupon for a copy of the 1985 Report and Accounts.

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International fraud in the City

The crime that can span a host of countries

By Clive Wolman

"IT IS just the tip of the iceberg" is the most common reaction to the allegations of *fraud in the City of London* over the last six months.

But those involved in the prevention and investigation of fraud insist that the largest icebergs are not lurking beneath the tips exposed by the two most publicised scandals, in the Lloyd's insurance market and at Johnson Matthey Bankers before and after its collapse into the arms of the Bank of England 18 months ago.

Until no less than 40 fraud squad officers descended on JMB in the autumn in response to *political* pressure, relatively few police or private agency fraud investigations were focused on either corrupt bank lending practices or on re-*insurance*.

Of the alleged wrong-doings at JMB, its dubious shipping loans seem to be the only ones which represent a form of commercial crime causing widespread concern. According to Mr Eric Ellen, director of the International Maritime Bureau, the investigatory arm of the International Chamber of Commerce: "The banks' generosity with their loans to shipping has opened many opportunities for fraud."

In the depressed shipping market one growing fraud is for ship owners with large bank loans to divert some of their income into secret accounts so they appear to be making losses and are forced into bankruptcy. Another is for shipowners to take loans mortgaged on their ships but based on inflated insurance values and then to sink the ships.

But cargo is the target of the most common maritime frauds and the perpetrators are frequently foreigners who fly into London, set up phoney operations and leave (see panel).

Nearly all the complex, organised fraud in the City of *London is international*. Often the City provides little more than a setting for the crime. The fraudster's best safeguard against detection, or at least prosecution, is to ensure that his crime spans several different countries. Police are likely to put a fraud complaint low down their priority list if both perpetrators and victims are *foreigners*.

TYPES OF ORGANISED FRAUD

Activity	Examples
Lending	Advance fee fraud, shipping loan frauds, *corrupt* international practices.
Money transmission	Computer frauds to break the coding on telexes.
Securities markets	Insider dealing in rings using offshore dealers.
Commodity markets	Frauds against private investors in Europe, VAT frauds involving gold bullion.
Venture capital	Advance fee and seed money frauds.
Insurance	Aviation and maritime fraud.
Trade	Cargo frauds, frauds against Export Credit Guarantee Department procedures.

The UK has lagged behind many Commonwealth and European countries in agreeing to mutual assistance treaties to *facilitate* the collection of evidence overseas, the interviewing of witnesses and the capture of criminals. As the Roskill committee on fraud noted in its report *published* in January, the investigation and prosecution of fraud in England is hampered by a mass of outdated rules and practices.

International *fraudsters* are also attracted to London as a centre of finance, trade and shipping. A central London office address makes it easier for the *fraudster to gain credibility* and to impress potential victims. The lack of exchange controls and of regulations on setting up a business add to the attractions *of the UK. For example, no re*gistration is required when two foreigners arrive and set up a partnership.

Perhaps the most audacious and fast-growing type of international fraud in recent years, which commonly exploits the City's reputation as a supplier of capital, is called advance fee or seed money fraud. It is often executed with such subtlety that the victims never realise that they have been defrauded.

In the simpler versions, which reached *the peak of their popul*larity between 1982 and 1984, the victim was usually the Government of a Third World country deep in debt. It offered to *pay* a fee in advance to a fraudster with impressive documentation to show he could arrange a large loan. But once he pocketed his fee, he disappeared.

In the more sophisticated versions, the victim pays money up-front to participate in a venture which fails to materialise. The venture is often a large property development or civil engineering project in a Third World country. The construction of hospitals and road systems in the Gulf and agricultural *development plans* in *Africa* are some of the more popular projects.

The victims are usually banks, financial institutions or large conglomerates with funds to invest and governments often become entangled as the guarantors of loans. Confronted by even tougher competition for *the largest international con*tracts, corporate executives have become more willing to put up "seed money" for a project which, they are persuaded, has a reasonable chance of success. They are also persuaded not to talk widely about the project in case competitors get to hear.

According to Mr Vincent Carratu, who runs a private detective agency specialising in fraud, there are at least two major frauds of this sort being carried out in Europe at the moment.

The fraudster offers to put up a large amount of money himself as part of the joint venture. Good bank references are essential. One victim, when checking credentials, found that *the fraudster had over £2.5m* in his current account. Only later did it discover that the money had come from other companies that were also persuaded to provide seed money, on an "exclusive basis," for the same phoney project.

Shell banks are popular. They used to be based in the Caribbean, but a gradual tightening of regulations there has encouraged migration to the South Pacific islands. Some shell banks use the names of well-known international banks such as Midland to give the impression they are subsidiaries. They are particularly useful if the fraudster seeks credibility by suggesting that, *for security, the victim pays* his advance fee or seed money into an escrow account—at the shell bank.

To succeed, the fraudster has to conduct his operations in style. One fraudster has in the reception of his Swiss offices a model of one of his phoney developments while architects' plans for other, similar projects line his walls. He also uses a villa in the south of France for entertaining.

Through his lavish entertaining, the fraudster builds up contacts with whom he discusses his deals on an apparently genuine basis. He can then refer his victims to them for re-assurance. Fraudsters with Third World projects build up contacts with embassy staff as a way of reaching Government officials. According to an official of one *independent agency*: "It is surprising how quickly you can reach the top in many Third World countries when you have the right contacts and the right type of product."

Once the finance is supplied, the more sophisticated fraudsters will give regular reports on the difficulties the project is facing and explain the reasons for the delays. *After* a year or so, the fraudster may admit that the project has failed and return a small proportion of the original investment which, *he says*, is what remains after all his expenses. The company usually suspects nothing. "Some companies refuse to believe that they have been defrauded."

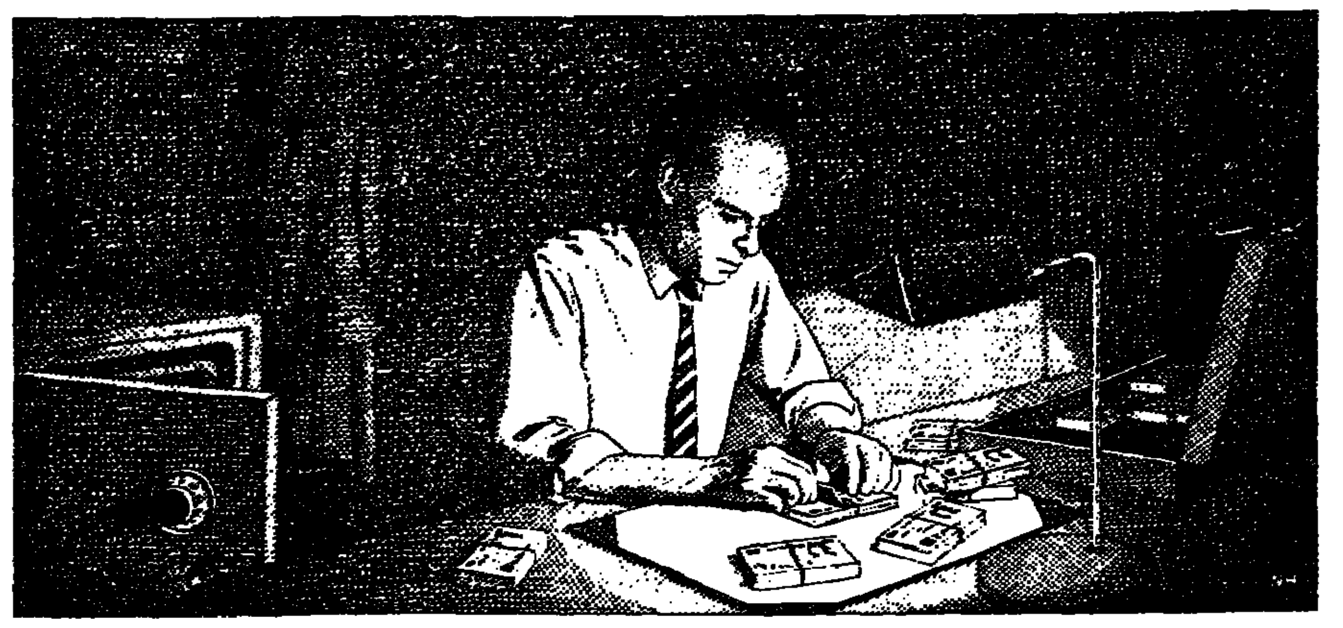
In contrast to these new forms of international fraud, the more traditional forms of City fraud have been declining, in particular those against the *investing public*.

Insider dealing, however, particularly in the run-up to a take-over battle, is increasing. The surveillance department of the Stock Exchange believes that organised rings have been set up to exchange price sensitive information and to buy shares through offshore dealing companies

The UK investing public is least well protected in the commodities and futures markets which in recent years have been scarred by several frauds. The *most audacious and bizarre was* perpetrated by a Warwickshire boffin called Keith Hunt who employed 120 staff, including 40 researchers to examine chart patterns, until he disappeared three years ago after an early morning car chase.

But international commodity frauds have been more important with losses, some police estimate, of more than £100m. Two years ago more than 50 commodity firms that were telephoning overseas clients from offices in London were suspected of fraud. *Many were firms run by Ger*mans who were defrauding other Germans of money concealed from the tax authorities.

Not surprisingly, the police showed little enthusiasm to investigate, although three Germans were extradited last year and are now facing a highly complex trial along with about 25 others. They are accused of pocketing virtually all the money that was sent to them to be invested in gold.



THREE EXAMPLES OF HOW IT TOOK PLACE

● NEARLY two years ago, *two brothers from India flew* into London and set up in business as shippers. They operated as a partnership from a rented flat and used a *photo-copying shop in New* Cavendish Street in the West End as their postal address.

They arranged a $200,000 shipment of tinned food to an importer *in the United Arab* Emirates from a UK supplier and were paid cash on delivery. A second shipment was arranged with a value of *$500,000 and again they were* paid cash on delivery.

On the third occasion, the shipment, this time worth $1.3m, was financed by the *use of letters of credit. These* were issued by the bank of the Arab customers to the Indian shippers. The two brothers filled the containers with rubbish and at the port were given bills of lading and the other documents they needed to cash their letters of credit. They then transferred most of the $1.3m to a numbered Swiss bank account and took the next aeroplane out of the UK to India. They left at the photo-*copying shop a forwarding* address in Rio de Janeiro.

The men knew they were unlikely to be brought to justice even if the British police had taken an interest because of the lack of an extradition treaty between the UK and UAE.

However, they used about 15 per cent of the money to buy a house in Connaught Square, Mayfair, which was registered in the name of one of their wives. The International Maritime Bureau managed to trace the ownership of the property about six months ago. They obtained a court order to seize the house and have now *sold it off and sent the* £140,000 proceeds to the defrauded UAE customers.

● THE small *states* in southern Africa are often the victims of fraud organised by groups in South Africa.

About three years ago, the fraudsters approached the government of such a state with a grandiose plan to set up a giant gambling centre that would attract visitors *from all over the world. The* project would include building hotels, casinos and a new international airport, and establishing a national airline.

The government enthusiastically approved the scheme. By introducing various plausible contacts, the fraudsters succeeded in extracting money not only from the government but also from five companies, including two large UK trading and international development companies. Their total haul was at least $5m.

The address of the airline they said they were setting up was in Florida. It turned *out to be a deserted single* room above a take-away food shop. The forwarding address led nowhere.

● A BLUE-CHIP UK conglomerate which owns a large hotel chain was last year the target of one advance-fee fraudster from Australia. After carrying out various frauds in south-east Asia, about a year ago he moved his base to Monte Carlo and *set up his operations in* Europe as a property developer and financier. He acquired all the necessary embellishments, a yacht, expensive cars and a shell bank *in the Pacific island of* Nauru.

The conglomerate planned a large extension to one of *its London hotels. The fraud*ster, through an intermediary he has worked with for many years, offered to arrange the financing. One of his terms, which were agreed in principle with the finance director of the hotel chain subsidiary, was that the company should give him £750,000 as an advance payment. The money was to be handed over in tranches but he could have pocketed about £200,000 before anything suspicious occurred.

At a late stage in the negotiations, about four months ago, the company asked the police whether they had any records on the man, and was told no. But it was tipped off by a semi-official agency and cancelled the deal.

THE ARTS

Architecture/Colin Amery

First steps to replace City's ugly buildings

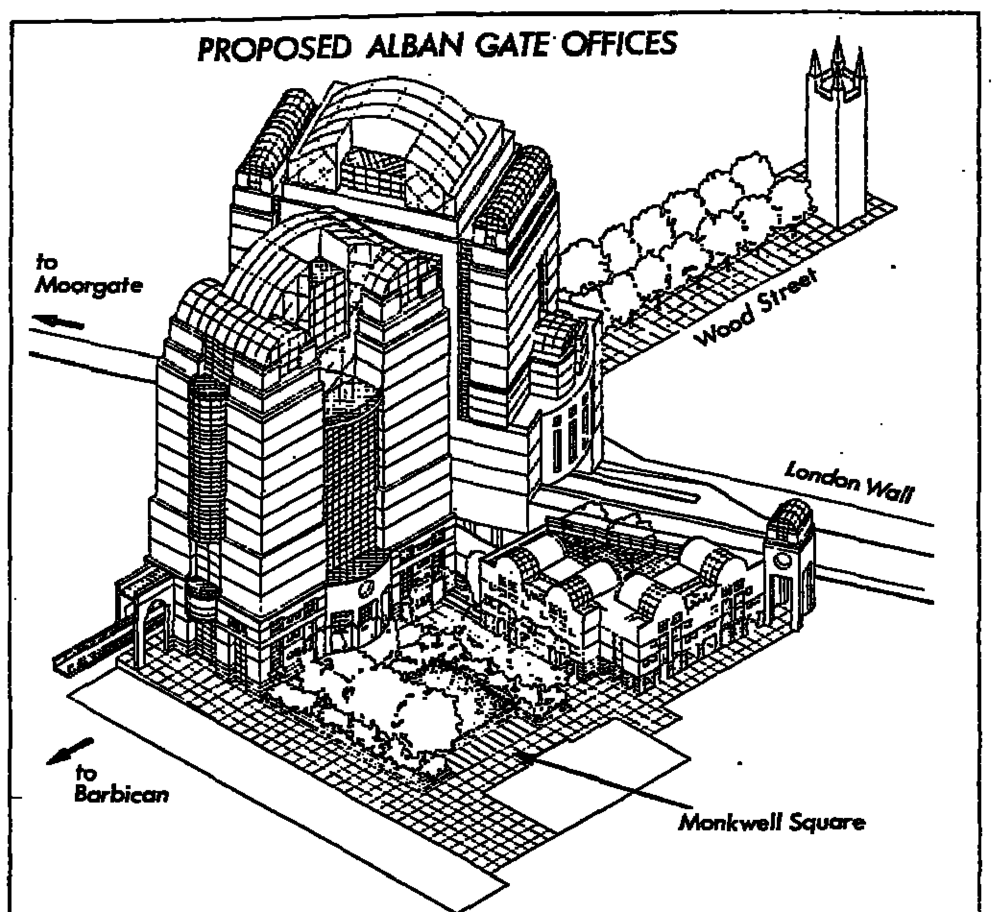
The City of London made some bold moves after the Second World War. The decision to build the Barbican as a residential enclave with an arts centre, fringed by the office towers of London Wall, was an enlightened one. Those were heady days after the Blitz when people believed with an incurable optimism that planning was going to create a better world.

If you stand today on the podium in front of the Museum of London and look down London Wall there is no doubt that what you see represents an historic vision of its day. There are seven curtain walled glass blocks, forever characterised in John Betjeman's phrase as "rent collecting slabs."

At a press conference last week the chairman of MEPC, one of the world's largest property companies, described these blocks as ugly buildings that have outlived their usefulness. They were built in the early 1960s, when they were believed to represent the best in office design and urban planning. The planners were particularly proud of a motorway that roared through the city from Aldersgate Street to Moorgate, with pedestrian bridges at second-floor level to encourage a flow of footsore pilgrims to the Barbican.

It has never worked. It is impossible to find your way in or out of the Barbican and the quality of the ground level environment is abysmal. What is more, the upper level podium has never lived up to those glamorous perspectives showing life in the future under sunshades and with soaring towers of the new City on all sides. The reality is a windswept, dismal acreage of unloved concrete.

These buildings are now believed to be completely redundant and unsuitable for the large-scale dealing rooms and mechanised offices that are demanded by banks and financial institutions after the "Big Bang."



MEPC chairman Christopher Benson was announcing his company's intention to apply for planning permission to demolish the first of these redundant creatures of the 1960s, Lee House, which stands at the north-east corner of London Wall and Wood Street. They aim to replace it with a new office building that would incorporate a large new tower built across the London Wall itself, utilising the air rights of the highway. This is a major breakthrough. It represents overdue recognition that City architecture of the late 1950s and early 1960s is in general inadequate, ugly and now totally inefficient.

Two things could flow from this. The City's conservation areas can be better protected as new buildings that suit the commercial needs of the moment replace the unattractive and unuseable products of the recent past. Development can be channelled into areas that offer developers air rights over some streets and this will permit the scale of dealing room and office that demands new sites.

The first of these new plans put up by MEPC architect Terry Farrell is called Alban Gate. Mr Farrell has a distinct gift for seeing ways of utilising spaces in cities that would normally be ignored. He is on the side of the users of the city and wherever possible would like to make life easier for them. By putting a substantial building across London Wall, he marks a gate to the Barbican and focuses its entrance on Wood Street. There be would place escalators to take pedestrians into an improved podium with shops and restaurants under cover. The new square at the tower's foot would have houses and improved landscaping.

Mr Farrell is influenced by the American school of post-modern architects led by Michael Graves. These buildings look rather like two mating robots in the initial drawings. They are two towers linked umbilically by their services. As yet the link is unresolved and the Siamese twin quality of their union is unsatisfactory. They would be decidely different from anything else in the City—made of multi-coloured granite and glass with a highly distinctive form. Dealing floors around the now compulsory atria, in turn would give the blocks a strong curved glass roofline.

Terry Farrell's architecture is derivative but it is also extremely well planned and innovative in its use of the City. He is right when he says that what the City needs is a new examination of the whole of the London Wall area. There is an opportunity to fill in and build another village on the ground levels of the Barbican desert.

Planners are also considering four other bridge projects to span London Wall, including one reaching from the Museum of London rotunda to Aldersgate Street, and there are schemes to utilise the air space above Lower Thames Street. Terry Farrell himself is likely to redesign a second tower, St Alphege House on London Wall.

What has gone so wrong in the past is the combination of modern blocks with a podium that is like an SAS assault course. The danger of future plans is that architecturally they may smack too much of the juke-box in their already dated imagery.

American Ballroom Theatre/Sadler's Wells

Clement Crisp

Take four fine ballroom dancing couples, an orchestra on stage, some of the best tunes and dances of the last 40 years, and you have what the Wells is to show for the next week —an evening of great charm and nostalgia, of course, as the couples swing and sway and mambo dazzlingly through their routines. These are, in themselves, of more than usual interest in that they have been choreographed by John Roudis, a veteran of ballroom dancing, able to catch the various styles of the evening with an unforced felicity of means.

The couples are Pierre Dulaine and Yvonne Marceau, directors of the ensemble; Gary and Lori Pierce; John and Cathi Nyemchek; Richard and Bonnie Diaz: all champions, all well matched and well contrasted in presence. It might seem invidious to single out one pair, but the contributions by Mr Dulaine and the lissom Miss Marceau are of exceptional distinction as examples of the best exhibition dancing, fluent, technically superb, richly varied in mood and manner: to see them in a Latin American Concerto d'Aranjuez, or in a waltz, is to witness ballroom dancing at its finest and most elegant.

One of the rarest qualities of social dance of this calibre is the rhythmic aptness, as well as the rhythmic liberties, with which couples respond to their music. The technical embroideries which they permit themselves on the basic form, on the underlying beat of the dance and its pulse, are splendidly displayed by these four couples: by Gary and Lori Pierce dipping in and out of a tune such as Besame Mucho but always sustaining its dynamic framework; by Mr and Mrs Nyemchek and Mr and Mrs Diaz reviving the excitements of jitterbugging with In the Mood and keeping the energies of the piece ever-taut. This is exemplary dancing, and its quality is maintained throughout the evening.

About the contribution of the Pasadena Roof Orchestra, the on-stage band, I have certain reservations. In the Latin American numbers, they establish a well-driven tempo and the right sort of bright, brash tone. But some of the songs of the 'thirties need more gloss, a fuller, sweeter sound — Night and Day was a disaster area — and the final Blue Danube missed the grace and elasticity of style so clear in the dancing of the company.

This apart, the evening reminds us of the exhilaration to be gained from watching as well as performing in the ballroom. Not without good reason the programme is subtitled "Sheer Romance." Hurrah for such romance, and sheer pleasure of the dancing.

Delmé String Quartet/Goldsmiths' Hall

Paul Driver

The 273rd presentation by the City Music Society at Goldsmith's Hall was of a programme played by the Delmé String Quartet on Thursday, in a beautiful environment, with an acoustic excellent for string chamber music, and against an impressive background of gold plates, the quartet gave ravishing accounts of Haydn's G major work Op. 54 No. 1, Sibelius' Voces intimae (OP. 56), and a piece commissioned by the Society, Malcolm Singer's Quartet for Strings, being heard for the first time.

The Delmé is an ensemble at its peak. Its sound is extremely refined, extremely flexible, though it retains a fundamental, classical purity. The collective musicianship has penetrating subtlety and wide stylistic range. The player's sheer poise was attested by the Haydn opening movement — a faultlessly delivered Allegro con brio. The succeeding Allegretto was marked by reticence and tenderness, and effective under-use of vibrato to produce an expressively dry accompaniment for the lyrically soaring first violin melody. The witty and profound structure of the Menuetto was nimbly revealed.

Malcolm Singer's Quartet for Strings — a title whose slant already declares the composer's work's affinity with and discreet distance from the conventional genre — made a strong and strange impression. It occupies a sound-world of its own. For the first two movements the players use heavy mutes yet also play "with zest and vigour." The result is a magical incandescent sonority, ideally suited to Singer's fleeting, suavely repetitive music. Only in the third — Lento — movement are the mutes taken off, but normal sound is but intermittently heard here: nearly all the scoring is for "natural harmonics" providing an eerily consonant backdrop, across which motives from the opening movements flit from time to time."

The overall effect is rather as though the rhetoric of string quartet writing had been thoroughly scrubbed clean. It is there but sounds very different—white-washed, ghostly attenuation. The stylistic influences, though faint, are from Bartok, Ligeti (one of Singer's teachers) and, in the Lento, possibly Morton Feldman. If the work subscribes to any kind of "minimalism," it is to Ligeti's rich personal variety.

But it is an original work—the concept is as distinct as the craftsmanship is lucid. The Delmé's account had rhythmic brilliance and immensely sensitive surfaces. Its performance later of the Sibelius was near-ideal.

Paul Roberts/Wigmore Hall

Dominic Gill

Paul Roberts specialises in the French repertoire, but he is not a very French-sounding pianist: the sonority is tough and rather hard, without much depth of tone-colour, or fine balance of inner voices; the manner is efficient rather than evocative, well-worked rather than engaging. His recital programme on Friday night was sub-titled "Cross Currents of France and Spain," and included some morceaux of Skryabin (though the French influence is more marked in Skryabin's titles than in the music), a selection of Debussy Preludes (curiously missing out the "obvious" thematic La Puerta del Vino) together with the Soirée dans Grenade, Albeniz's Rondena from Iberia, and Ravel's Alborada.

A Russo-Franco-Spanish potpourri in fact, delivered for the most part correctly, but bluntly, without notable subtlety or charm. One of the best things of the evening were the fast arpeggios in Debussy's Feaux d'artifice—really very impressive. But such moments tended to stand alone, glimmers of colour or virtuosity in a canvas of well-intentioned monochrome.

Of special interest was Mr Roberts's inclusion of a handful of rarities by Déodat de Séverac —that d'Indy pupil and younger contemporary of Albeniz and Debussy, widely loved and respected in his time, whose musical influence was certainly broader and more significant than his modest oeuvre would suggest. We heard two pieces each from two of the three large Suites which comprise the greater part of Séverac's output—"Les Fêtes" and "Les Muletiers" from Cerdana evoke the shades of a delicately Frenchified Rakhmaninov, but lightly only, for the effect is altogether sparer, more quirky and whimsical than the Russian. Baigneuses au soleil, a bubbly sketch dating from 1908, seems to offer unmistakable echoes of Debussy's Ondine— but Debussy was the borrower, for Baigneuses predates his Prelude by some five years.

Patrick Donnelly wins Glyndebourne opera award

The Esso/Glyndebourne Touring Opera Singers' Award for 1985 has been given to the baritone Patrick Donnelly who sang Neptune (Idomeneo) and Theseus (A Midsummer Night's Dream) on GTO's tour last autumn.

The Award will enable him to go to Vienna for a period of intensive coaching with Otto Edelmann before he returns to Glyndebourne when he will join the Chorus and sing the role of Lictor (L'incoronazione di Poppea) during the Festival and Masetto (Don Giovanni) with GTO in the autumn.

Parsifal/Coliseum

Andrew Clements

Joachim Herz's production of Parsifal, which opened at the Coliseum on March 15, ends its initial run next Saturday. For the last two performances Lionel Friend replaces Reginald Goodall, though the cast is unchanged. On the first night, however, Warren Ellsworth was unable to sing Parsifal, and the story of his replacement by Siegfried Jerusalem, singing in German, has been widely retailed. Ellsworth rejoined his colleagues at the third performance, and on Friday there was no trace at all of any residual vocal troubles.

To some aspects of the production that seemed approximate and ill-conceived at the opening Ellsworth's presence brings a measure of sense. He is first and foremost a totally absorbing stage performer, rangey, prehensile, emanating physicality and animal instinct. That much one remembered from his part in Welsh National's Parsifal in 1983; now singing in English (and Andrew Porter's new translation is a splendid aid to comprehension only partially appreciated in the bilingual performances) he makes each syllable count: the sequence of "I know not" at his interrogation by Gurnemanz was shaded with such naturalness and intelligence as to make the listener hang on every word. The voice may not be that of the Parsifal of one's dreams, but it is superbly tailored to his view of the role; any lack of full-blooded tone is amply compensated elsewhere.

Ellsworth's acting is so unforced it makes even the most accomplished of his fellows seem stiff and inflexible. But almost every role has gained in effectiveness through the run— the level of audibility of the text has improved markedly. Now, Gwynne Howell makes Gurnemanz's narrations compulsive history; Anne Evans gives Kundry's Act 2 dialogue with Parsifal a tingling intensity; Neil Howlett has toned down the more histrionic aspects of his Amfortas to make the confrontation with Titurel in particular measurably more moving.

But many of the production's most serious problems prove to be endemic. It is irredeemably ugly to behold, and Ellsworth's athleticism cannot make the stark wedge that dominates the centre of the stage in the outer acts anything but an encumberance. The chorus is handled clumsily, though at least the female chorus for the Act 1 communion has now been moved backstage from its previous position high up in the auditorium and sounds much happier for it. At Friday's performance too the grail failed to descend from the heavens at the climax of the first act, thus making much of the stage action pointless, and leaving the audience as baffled as to what was going on as Parsifal himself.

In many ways Lionel Friend was asked to do the almost impossible by stepping into Goodall's shoes, coming to a conception of the opera that had been totally wedded to a very personal view of Wagner. But he manages to imprint his own personality upon events with a good deal of success; the basic pulse is not all that much faster, but some scenes, most notably that with the Flower Maidens, appear to move more easily and are all the better for it. He does not achieve the massive certainty that Goodall touched upon at his most majestic moments, but the playing for Friend still had a depth and richness of tone that is totally appropriate. Anyone with tickets for the last performance need not feel they are being sold short on the quality of the music-making, and dramatically will be getting a far more convincing product than those who saw the production in its early days.

Madhur Jaffrey to play Medea

The Indian actress Madhur Jaffrey is to make her London stage debut in the title role of Euripides' Medea, which will open at the Lyric Theatre, Hammersmith on May 30 for a limited season ending on July 5.

Gelsey Kirkland/Covent Garden

Clement Crisp

Returned on Friday night to the Royal Ballet as guest, Gelsey Kirkland brings an exquisitely pure and free technique to the role of Juliet which she first danced at Covent Garden in 1980. This American ballerina's statement of the choreography —in the ballroom, and above all in the balcony duet—cannot be faulted. Her child-like body, tendril arms and ecstatic legs cutting through the dance to Juliet's soul, are the most eloquent advocates for MacMillan's view of a young girl's passion. To watch Miss Kirkland running to Friar Laurence, with long-paced steps the eager impulse for movement, is to see a being as flutteringly borne on the air as the silken cloak that flies behind her.

There is nothing emotionally unreasoning in this portrayal. It is decisive, closely argued at every moment, and never the victim of impetuous temperament. Rather do we sense that Juliet knows her destiny from the instant of seeing Romeo at the ball, and thereafter an implacable will sends her unhesitating to her fate. It is from this concept of the role that the dance springs with such ravishing force. But it is also in this dramatic understanding that the character seems blocked in inward contemplation rather than outward expression.

Miss Kirkland's is the stillest, most unyielding interpretation of Juliet. Like a Method actress, she plainly knows and feels every step of the character's journey: her wonderfully judged appearance on the balcony, a figure poised on the brink of destiny, tells of this, as does her clinically exact playing of the potion scene, and her laboured progress over the bier in the closing moment of the ballet. But the "inwardness" of the reading, where the audience must follow the intellectual process which has brought Miss Kirkland's interpretation to its emotional stasis, has something in common with the art of the shite player in Noh drama, when experience becomes a series of hieratic gestures, implicit with feeling rather than explicit.

In Miss Kirkland's manner there seems a disregard of the onward pulse of the choreographer's dramatic reasoning. Her power to sustain tension through immobility, her brooding Graeco-Roman profile, bring rewards, certainly, to set against those passages when one wishes that the young girl might be more directly expressive, as Lynn Seymour and Natalya Makarova so gloriously showed. It is as if Miss Kirkland's intellectual grasp of the role has constrained dramatic dance's first law about the fluidity of feeling.

This Juliet is, nonetheless, blazingly memorable for the beauty of her dancing, and commanding in her directness of purpose. As Romeo, Anthony Dowell partnered well, and gave a conscientious operatic reading, his vivacious decoration of the character exposed as oddly gratuitous by Miss Kirkland's gestural simplicity. The supporting players gave their customary performances, Juliet the eye of a storm of rodomontade and posturing. The score sounded well, in the main, under Mark Ermler, though musical disintegration set in during the aubade by Juliet's friends. The staging has been handsomely refurbished in this its 21st year: our thanks to Guinness Peat Group for their generosity.

"Futurism and Futurisms" in Venice

Futurism and Futurisms, one of the largest exhibitions ever to be sponsored by a private company, opens on May 3 in Venice.

It is the first show to be held at Palazzo Grassi, a neo-classical palace on the Grand Canal bought and restored by Fiat. The building will be used as a permanent exhibition and arts centre under the direction of Professor Pontus Hulten.

Professor Hulten is the director and founder of the Moderna Museet in Stockholm, the Museum of Contemporary Art in Los Angeles, and the populariser of the Beaubourg in Paris. Futurism is faithful to his conception of "total art": all through the summer there will be films and music, ballet and theatre associated with the Futurist movement.

Co-sponsors of the exhibition are Fiat and United Technologies, who are each putting up US$750,000.

Closing day is on October 12.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

Music

April 11-17

LONDON

London Soloists Chamber Orchestra conducted by David Josefowitz with Mayumi Fujikawa, violin, Ifor James, horn, and Julian Cawdry, flute. Mozart. Queen Elizabeth Hall (Mon). (928 3191).

Arditti String Quartet with Miriam Bowen, soprano and Alberto Portughels, piano. Ginastera and Dutilleux. Queen Elizabeth Hall (Tue).

London Symphony Orchestra conducted by Michel Plasson with Barry Tuckwell, horn. Chabrier, Damase, Roussel and Berlioz. Royal Festival Hall (Wed). (928 3191).

Chick Corea Elektrik Band: Ronnie Scott's, Frith Street (439 0747).

BRUSSELS

Palais des Beaux Arts. Franz Liszt Chamber Orchestra – Bach, Mendelssohn, Bartok. (Tue). (512 50 45).

PARIS

Orchéstre Colonne conducted by Claude Baron, Gerard Poulet, violin: Prokofiev, Dutilleux, Brahms (Mon). Salle Pleyel (4561 0630).

Brigitte Fassbaender recital (Mon). Théâtre de l'Athenée (4742 6727).

Orchéstre National de France conducted by Gary Bertini: Duparc, Berlioz, Stravinsky (Tue). Théâtre des Champs Elysées (4723 4777).

Bach Recital on two pianos: Millette's Alexander and Frank Daykin (Tue). Salle Gaveau (4563 2030).

Orchéstre de Paris conducted by Semyon Bychkov. Shlomo Mintz, violin: Beethoven, Bruch, Shostakovitch (Wed, Thur). Salle Pleyel (4561 9607).

ITALY

Naples: Teatro San Carlo: American mezzo-soprano Shirley Verrett (Mon). (41 82 66).

Rome: Aula Magna delle'Universita la Sapienza (Piazzale Aldo Moro 1). Musica Oggi orchestra, Luigi Dallapiccola with the soprano Dorothy Dorow (Tue). (361 0051).

Rome: Teatro Olimpico (Piazza Gentile da Fabriano): London Early Music Group. Henry Purcell And The Most Fam'd Italian Masters, conducted by James Tyler. (Wed). (393 304).

Rome: Auditorium in Via della Conciliazione: Luciano Berio conducting Karl Stockhausen's Oberlippentanz for trumpet and orchestra, from the opera Samstag Aus Licht. Also Haydn and Berio's suite from his opera Un Re In Ascolto (Mon and Tue). (654 1044).

NETHERLANDS

Amsterdam, Concertgebouw. The Netherlands Philharmonic conducted by Edo de Waart, with Karita Mattila, soprano. Webern, Mozart, Elgar (Mon, Tue). Recital Hall: Raphael Quartet with Vovka Ashkenazy, piano. Mozart (Mon). Robert Holl, bass, accompanied by Rudolf Jansen, Schumann, Reger, Mussorgsky (Tue). (71 83 45).

Utrecht, Vredenburg. Recital Hall: Shostakovich Quartet. Prokofiev, Tchaikovsky, Beethoven (Tue). Marjanne Kweksilber, soprano, and Reinbert de Leeuw, piano. Mahler, Berg, Zemlinsky, Schoenberg, Wolf (Wed). (31 45 44).

Rotterdam, De Doelen. James Conlon conducting the Rotterdam Philharmonic, with Hanna Jaszyk, piano, Alfreda Hodgson, contralto, and Peter Lindroos, tenor. Mozart, Mahler (Thur). (14 29 11).

Maastricht, Staargebouw. Piano recital by Imogen Cooper. Haydn, Schumann, Schubert (Tue). (21 33 00).

NEW YORK

New York Philharmonic (Avery Fisher Hall): Christopher Hogwood conducting, Jeanne Baxtresser flute, Judith Leclair bassoon. All-Mozart programme (Tue, Thur). Lincoln Center (874 2424).

Merkin Hall (Goodman House): Leonard Hindell bassoon recital. Handel, Beethoven, Mendelssohn, Hindemith, Françaix (Mon); Calliope. Italian Renaissance band music with guest artists Julianne Baird soprano and Stanley Charkey lute (Tue); Gervase de Peyer clarinet recital. Classical and English clarinet works (Wed); Music Spectrum. Boris Berman music director and piano. Duparc, Franc Boulez, Debussy (Thur). 67th -w. of Broadway (362 8719).

Kaufmann Hall: Tokyo Quartet. Programme to include Mozart (Tue, Wed). 1395 Lexington Av (831 8603).

WASHINGTON

National Symphony (Concert Hall): Jean-Pierre Rampal conducting, Jean-Yves Thibaudet piano. Honegger, Liszt, Fauré, Beethoven (Thur). Kennedy Center (254 3776).

Saleroom/Antony Thorncroft

Gilbert comes good

Sir Alfred Gilbert was his own worst enemy. He had the art would and society generally, at his feet in the 1880s and was regarded as perhaps the greatest British sculptor ever: the centre of London was crowned with his Eros. Eventually his casual treatment of clients—they paid for work he never got round to producing—led to disgrace and exile.

His reputation has been restored by the exhibition at the Royal Academy and now Sotheby's has chimed in with a timely offer of three bronzes by Gilbert at its Victorian sale on Wednesday. There are two casts of his celebrated Perseus Arming, the 27in high version estimated at up to £30,000, while the more common one, 14in high, might make £12,000. A large Comedy and Tragedy carries a £20,000 top forecast. No one knows how many copies of these bronzes exist.

The demand for oriental carpets and rugs is still in a state of convalescence: it has never really recovered from the collapse of the Iranian market after the overthrow of the Shah. But there are signs of recovery, and Christie's has expectations for the more unusual items it is offering on Thursday.

A young couple living in London got fed up with tripping over the mats on either side of their bed and decided to sell them at Christie's. They turned out to be 19th century septagonal Yomut Asmalyks. They are almost identical and unusual in that pairs are virtually unknown, let alone of this particular shape.

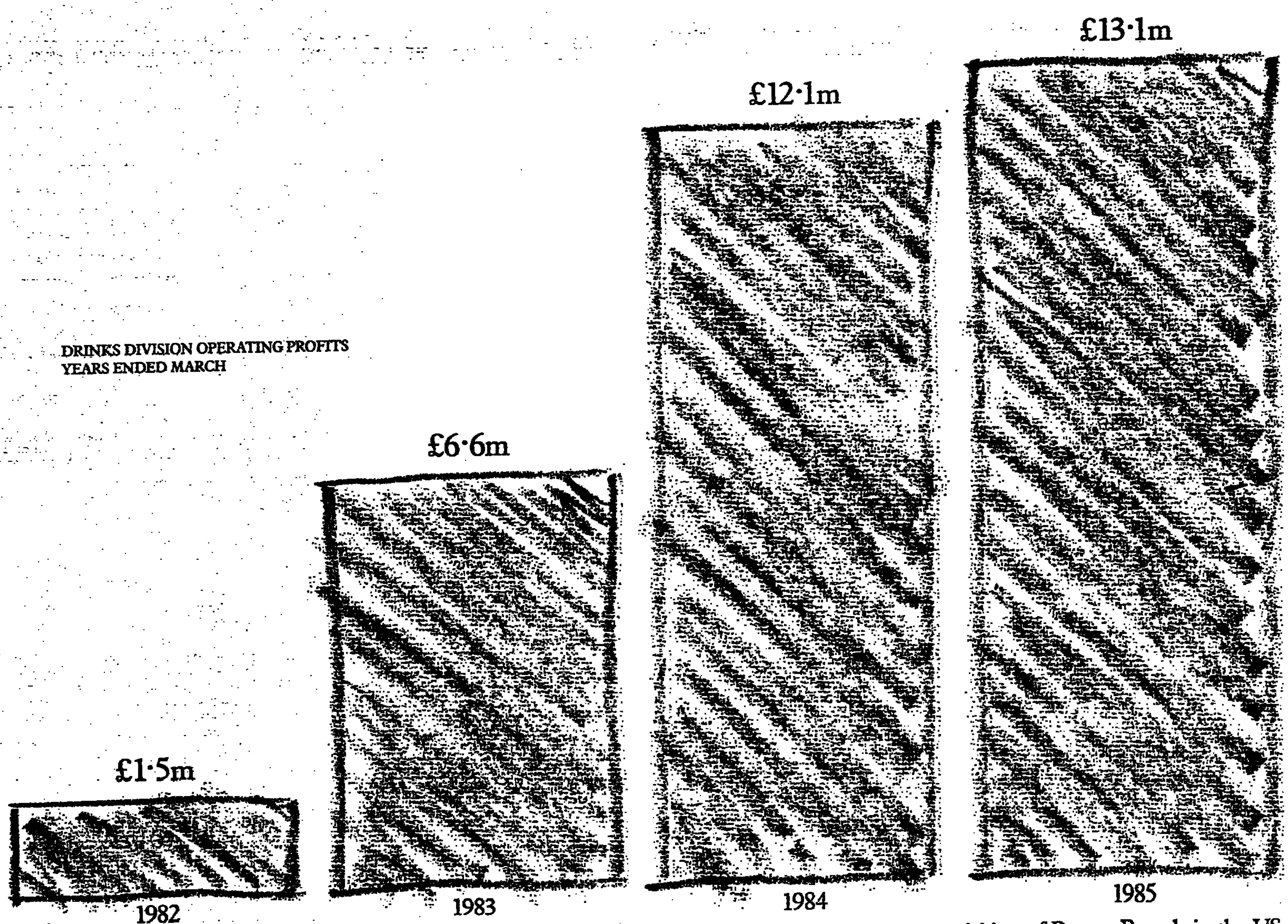
A rare Fereghan, given by the first Shah of Persia to his court doctor, is being offered for sale by his French grand-daughter. It is one of only four known designs of the type and carries a top estimate of £20,000.

Also on offer at Christie's this week, in an auction of natural history and travel books, is a copy of the most famous of all flower books—Redouté's Les Roses. This first edition, produced in three volumes between 1817 and 1824, is expected to realise between £50,000 and £60,000.

Many of the most famous and expensive books make an appearance—Gould's Birds of Great Britain at around £30,000; David Roberts Holy Land, Egypt and Nubia, at up to £10,000; and a complete Description de l'Egypt, prepared by Napoleon's advisers between 1809-30 and expected to sell for up to £20,000.

After its dismal experience trying to sell Goya's Marquesa last week Christie's hopes for better luck when offering another painting by a Spanish master, St Andrew, by Ribera, at New York on Wednesday. It is a striking masterpiece but quite at odds with modern taste and is modestly estimated at $20,000-30,000.

A rather impressive bar chart from our drinks division.



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Monday April 14 1986

Gadaffi and the alliance

IN ITS quarrel with Libya over the sponsorship of terrorism the US Administration seems to have boxed itself into an uncomfortable corner—on the one hand it is making statements and mobilising military forces which together speak eloquently of an almost uncontrollable urge to strike at the Gadaffi regime. On the other it is pressing its allies for a degree of support, or at least sympathetic acquiescence, which is almost bound to be withheld. The member states of the European Community, the foreign ministers of which are holding urgent consultations in the Netherlands today, should do everything possible to dissuade the US from intemperate military action but they should also seek options which could enable the US to back off without undue loss of face.

One may sympathise with the Reagan Administration's rage against the Gadaffi regime for its international lawlessness; there may even be hard evidence of Libyan implications in a very recent terrorist attack, the bombing of the Berlin disco; but a military attack on Libya cannot be the appropriate response. The US might wish to dress it up as legitimate self-defence but it would in reality violate all the canons of international law. It could not discriminate between the guilty and the innocent; it would alienate support from other, more moderate governments, which otherwise despise the Gadaffi regime; it could only increase the risk of provoking yet more terrorist attacks. It could do no good.

The problem for the US is that it could face the worst of both worlds unless diplomacy succeeds in hammering out a compromise between the two halves of the Atlantic alliance. If Washington had gone ahead with a unilateral military strike against Libyan targets just as soon as it was logistically in a position to do so, Europe would not have had time to organise its disapproval. After all the threats which have come out of Washington in recent days, it must be very difficult for the Administration simply to drop its military plans. Yet the consultation process which has been set in train risks heightening the political disagreement between Europe and the US: for if the Americans do consult their allies, the Europeans have a right to expect that their views will carry weight. Above all, it would be intolerable if the US were to try to implicate the UK in an attack on Libya by using F-111 bombers based in Britain: that is not what those aircraft are in Britain for, and there is no plausible military case for using them, rather than the aircraft on the US carriers in the Mediterranean.

Tighter security

On the other hand, the Europeans should seek to dissuade, or at least restrain, the US urge for military action against Libya by offering indications of a much more intense international non-military policy for preventing and detecting terrorism. If there is evidence that military strikes do not deter terrorists there is also evidence that tighter security and intelligence and police co-operation can have a significant effect in making the terrorists' task more difficult. Western governments for reasons of inconvenience or weakness have not gone as far in this direction as they could and should. If the Libyan Government is implicated in terrorism European governments should take a much tougher line against its bureaux in their capital cities. An agreement along these lines might both permit the US to calm its war fever and offer prospects of improved security for the innocent citizens of threatened democracies.

Energy prices

WHEN CRUDE oil prices halved, British ministers were happy to lecture the oil companies for not passing enough of the benefit on to consumers. The Government has been much slower to apply this lesson to energy industries which it controls.

British Gas, whose costs are partly linked to oil prices, has been told to raise domestic prices by an average of nearly 2 per cent, while electricity prices are due to go up by 5 per cent.

In a free market the price of gas to domestic consumers would probably fall, and electricity prices might at least be stabilised. The electricity industry claims that, at present prices, it could save £500m a year—the equivalent of 5 per cent off tariff rates—either by re-starting its oil fired power stations or by negotiating a cut in coal prices.

The industry's desire to cut costs and tariffs is reinforced by its statutory duty to keep electricity prices as low as possible. But the Government has told it not to make the switch to oil for the time being. Nor do ministers seem prepared to accept the full consequence of keeping coal prices competitive. A cut in the National Coal Board's prices from their present unrealistic levels would pile up even higher deficits for the Board, pushing many more pits into loss and to the edge of closure.

Strong competition

This has appeared to create a dilemma for ministers: a cut in electricity prices would merely place an increased burden on the taxpayer through heavier subsidies to the coal industry.

Although no final decision has been taken, this line of reasoning would lead to an absurd position for a Government which has so strongly proclaimed the virtues of free market competition.

One of its main justifications for the plan to regulate a privatised British Gas Corporation with a light hand was that gas is subject to strong competition from electricity and coal. But this discipline becomes very slack if coal and electricity prices are to be rigged with the encouragement of ministers.

Moreover, the Government has refused to talk about cutting North Sea oil production on the grounds that crude prices should be determined by the market rather than by government actions. Now these same market forces have swung the balance decisively against British coal. Their logic suggests that up to 500,000 barrels a day of oil should be burned at the expense of coal. This would have a significant effect on the world's balance of supply and demand for oil and help to stabilise its price. In a free market the coal industry would try to resist such a devastating loss of sales by cutting its prices.

It follows that the implications of a large cut in coal prices should be accepted and electricity consumers given the maximum possible benefit. The owners of the coal industry—British taxpayers—must bear the increased losses just as if they were shareholders in a private company.

An attempt to maintain the Coal Board's recent momentum towards break-even by holding up prices would be a pointless exercise in cosmetic accounting.

Higher losses will give the correct economic signal that the Coal Board must renew its efforts to rationalise.

In practice the rigours of the market will be tempered by a concern for the human costs of pit closures and the need to consider morale in the industry. It is right that this should be so. Moreover, the electricity industry must balance its present opportunity to cut costs against a very long perspective of its need for British coal.

Some compromise is therefore necessary, but a fudge is not. The Government must resist its present temptation to force the electricity industry to make increased repayments to the Exchequer as an offset to higher government subsidies to Coal. This would merely conceal the costs of maintaining an inefficient coal industry and produce excessive electricity prices. It would distort the domestic energy market and worsen the competitiveness of heavy industrial users against their foreign rivals.

Sunday shops

THE BRITISH Government's Shops Bill, which would remove most of the remaining restrictions on Sunday trading, has its second reading in the House of Commons today, having already gone through the House of Lords without major amendments.

It is opposed by a curious coalition of the shopworkers' union, some members of the churches and others who want in some mysterious way to keep Sunday different.

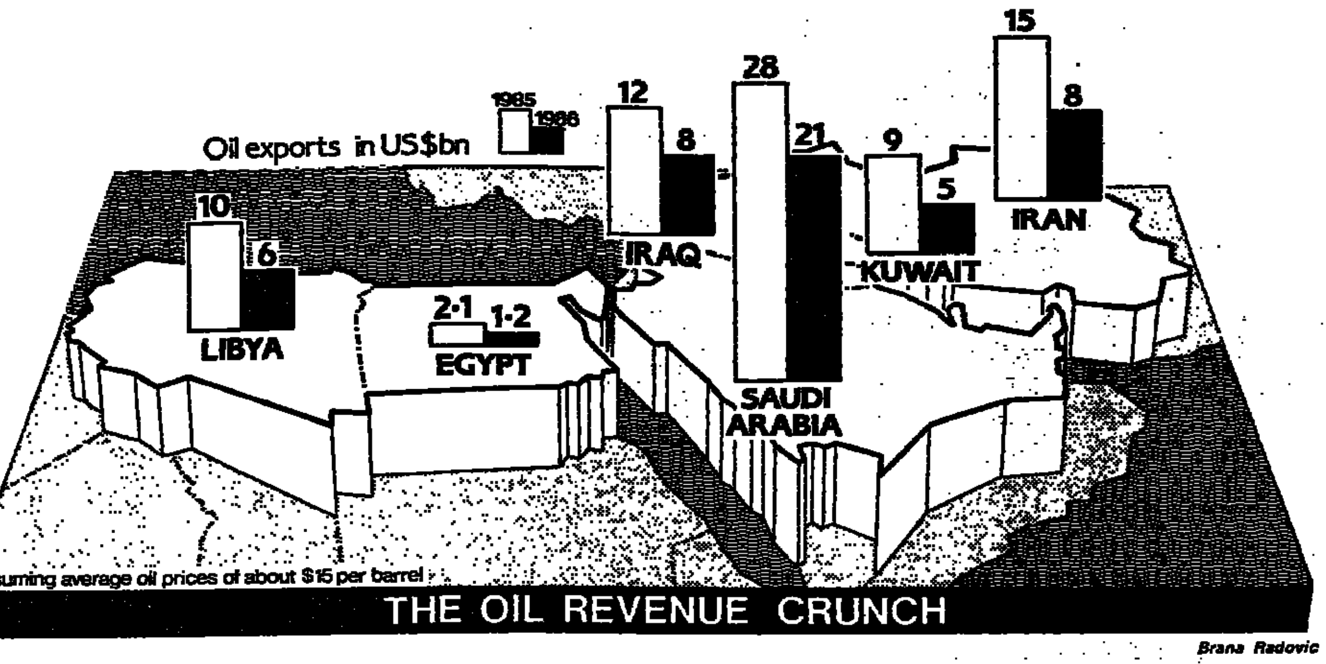
The opponents should bear in mind that there is nothing in the bill that would compel shopkeepers to open, nor individuals to use the facilities, and that the existing legislation is full of anomalies. At present, it is permitted to go to the cinema on Sundays, but not necessarily to buy groceries. People can buy more or less what they want at an airport shop, but perhaps not in the local high street.

Such anomalies should be removed. If the opponents of the bill want Sunday trading to be abolished altogether, they should come out and say so. It would not be a popular move neither would it be sensible to water down the bill with amendments. The Government should go ahead with its proposals and the opposition parties should support them. The Shops Bill is a thoroughly libertarian measure.

THE MIDDLE EAST AND OIL PRICES

No butter to go with the guns

By Roger Matthews, Middle East Editor



Brana Radovic

AS THE members of the Organisation of Petroleum Exporting Countries gather again today in Geneva, it is becoming clear that the gloves are coming off in the Middle East. "It is now a bare-fist fight with every regime determined on its own survival, regardless of the consequences for anyone else," was how one senior Western diplomat last week assessed the impact of the collapse in oil prices.

The stakes are immensely high, not just for the stability of the region but for Western interests during the remainder of the century. Social and political turmoil in the next few years could, at its worst, bring to power governments which would more ruthlessly exploit the renewed importance of Middle East oil expected during the 1990s.

The start of the present struggle was signalled last autumn by Saudi Arabia's decision to abandon its price-setting role as Opec's most flexible or "swing" producer. It was an economic decision which the Kingdom had long sought to avoid because of the political consequences.

But with a current account deficit close to $20bn last year and worsening, remedial action became imperative in order to check the serious erosion of reserves and to ensure a more secure future for the Kingdom's principal economic resource.

An average of estimates by four banks points to Saudi Arabia's official foreign assets having dropped from a peak of $140bn in 1982 to around $85bn at the end of last year. However this latter figure includes non-performing and soft loans of perhaps $30bn, leaving about $55bn readily available for balance of payments support.

Most people who claim to know Saudi Arabia well insist that, faced by the prospect of liquid foreign assets being exhausted in two to three years, King Fahd cannot modify his stance until other oil producers—Opec and non-Opec—agree to share the burden carried by the Kingdom for the three years up to last autumn. It also means accommodating Saudi demands for a quota entitlement of up to 27 per cent of total Opec production.

Whether there is any flexibility in the King's position will depend on the speed with which marginal producers are squeezed out of the market and the intensity of the external pressures on the Kingdom.

Saudi Arabia has already witnessed in the past eight years the destruction of one of its more cherished political ambitions, that of a more or less unified Arab world. Huge outpourings of Saudi cash may have induced momentary moderation but they failed to keep Egypt from signing a separate peace treaty with Israel in 1979, failed to make Syria more flexible and failed to sustain the credibility of Mr Yasser Arafat's Palestine Liberation Organisation. Each recipient has taken the cash and privately mocked the donor.

Saudi Arabia will not altogether abandon its policy but with revenues this year one-fifth or less of their $111bn level in 1981 its capacity to purchase friendship or deflect hostility is greatly reduced.

The one exception Saudi Arabia has to make is that of Iraq, now in its sixth year of war with Iran and hard-pressed to keep at bay a committed enemy pledged to the export of Islamic revolution. The burden is large and shows little sign of ending. Since September, 1980, President Saddam Hussein's regime has virtually exhausted that country's own reserves which then stood at nearly $35bn and swallowed another $30bn or more of Saudi and Kuwaiti aid. Saudi Arabia and Kuwait continue to sell 310,000 barrels of oil a day on behalf of the Baghdad Government.

The most conservative estimate of Iraq's hard currency requirement for the next 12 months is about $12bn, divided roughly between essential imports and military equipment, while also assuming some rescheduling of its foreign debt. If the price of oil averages $15 a barrel during this period Iraq will still need an extra $4bn in survival aid, the bulk of which can only come from Saudi Arabia with perhaps some additional Kuwaiti assistance. There will be no more butter to go with the guns.

Iran is no better placed. Its initial budget estimate had been for oil revenues this year of about $18bn, a figure that will now have to be more than halved, especially if Iraq maintains its attacks on Iranian shipping and oil facilities. At worst, this suggests Iran may have to pare its essential imports to about $4bn if it is to retain the capacity to spend $3bn on armaments. Such action implies further serious dislocation of its industry and infrastructure. But it will not cause the Iranians to abandon their war aims. On the contrary, Ayatollah Khomeini has recently called for yet more young men to make their way to the front.

The ever more fundamental damage being inflicted on both economies makes a political "victory" of sorts even more imperative for the two regimes. In the short term at least, the war could enter a more desperate phase, with Iran growing increasingly hostile towards

Egypt's President Mubarak and Saudi Arabia's King Fahd

Saudi Arabia and Kuwait, which it sees as the twin obstacles to the defeat of Iraq.

Its hostility will intensify the longer that oil remains closer to $10 a barrel rather than in the $15 to $20 range. But providing that Iraq can withstand the further Iranian offensives this year, Iran's loss of revenues must eventually sap its capacity for war.

Though the industrialised world has rarely been concerned by the war, it is a sobering thought that the four countries most closely involved—Iraq, Iran, Saudi Arabia and Kuwait—together sit on close to 60 per cent of the non-Communist world's proven oil reserves.

While the war is the most potent external threat to the conservative monarchies of the Gulf, the domestic challenge is much less quantifiable. The modern Gulf nations have never experienced the depth of the recession that is now looming.

If the collapse in their revenues this year can no longer be sustained through larger current account deficits, it must lead quickly to a sharper decline in imports—the International Monetary Fund forecasts a fall of up to 40 per cent in their purchasing power—a deep cut in expatriate labour forces and measures to stem capital outflows, which initially will most probably come through imposing limits on individual remittances by foreign workers.

Oman has been the first to show the way. With no possibility of expanding the volume of its oil exports it has already devalued its currency, virtually abandoned its new five-year plan and postponed the purchase of eight Tornado aircraft from Britain.

It is probable that other countries will also undertake detailed reviews of defence expenditure. So far, there is no sign that Saudi Arabia is considering using its £5bn military aircraft order from Britain to exercise leverage on London to modify its blunt refusal to co-operate with Opec on oil production cuts. But the scaling down of the order for financial reasons must be a possibility.

The unhappiness that corrective economic measures will cause among the small indigenous populations of the Gulf, unless it provokes damaging tensions within the ruling families, cannot be compared to the risks posed to reductions in living standards arising from similar cuts in larger urban societies. A great deal of fat can be trimmed from Gulf societies before the bone is revealed. They might even have to consider water and electricity charges, fewer annual holidays or, dare it be said, the introduction of income tax. There is no such capacity in countries whose balance of payments have depended heavily on a combination of remittances from the Gulf, aid donations and their own limited oil sales.

The worst case is Egypt. It faces alarming balance of payments problems later this year and will be forced either to reduce food imports or cut subsidies. The Government rightly fears the political consequences, but rather than take unpopular remedial action continues to hope that the crisis can be avoided.

The US, which provides Cairo with $2.3bn a year in civil and military aid, is worried about President Mubarak's unwillingness to come to grips with the problem and disappointed by his refusal to become directly involved in military action against Col Gadaffi in Libya.

The fear, not just in the US, is that if President Mubarak does not seize the initiative it could be wrested from him on the streets of Cairo. The threat was highlighted last month when over 20,000 members of the para-miliary police, who had been specially trained to handle riots, went on the rampage in protest at pay and living conditions. Over 100 people were killed, two luxury hotels destroyed and a curfew imposed before the army eventually restored order.

The rioting may well have strengthened that body of opinion within the US Administration which believes its aid investment would be best protected by encouraging a more decisive military leader to take power in Egypt, such as Field Marshal Abu Ghazala, the Defence Minister, who is also thought to be more keen than President Mubarak on military adventures in Libya.

This attitude is indicative of a generally more assertive US foreign policy which has been encouraged by the diminution of Middle Eastern oil power, serious divisions among the main oil producers and the Soviet Union's reduced capacity to provide economic help to its friends in the region.

Not only is South Yemen the only Marxist Arab regime, it is also probably the poorest. At least part of the reason for the recent fighting in Aden stems from the argument within the leadership over the ideological price that might have to be paid for attempting to attract development funds from the Western-oriented states of the Gulf.

Such perceived weakening of the Soviet position in the region lends weight to the arguments of those in the White House urging more emphatic US action against "mad dogs" in the Middle East. It could be similarly utilised by Israeli hawks who believe the time is ripe for a pre-emptive strike against Syria, the Soviet Union's single most important regional ally.

The warnings by Mr George Bush, the US Vice President, that there was a danger of the oil price falling too low may have sounded sweet to some Saudi and Texan ears, but, as all the members of Opec now better understand, it will take concerted and determined action to correct the imbalance between supply and demand in the world oil market. And whereas the longest American political cycle is four years, Saudi Arabia is trying to ensure that its key economic asset remains viable for at least the next century.

Mr Bush apart, there is a strong coincidence of interest between the short-term considerations of a US Administration looking forward to higher rates of economic growth and a Saudi Government attempting to guarantee a strong future for oil by keeping the price down. But from there the paths diverge and finding a safe route through the political minefields ahead without suffering too many casualties may prove impossibly demanding. As in the 1970s, politics will be every bit as important as economics in determining the future price of oil.

Men and Matters

The Treasury stumped

A mole in the Treasury has passed on an internal memorandum on exchange rates which surely deserves wider circulation. It shows that some original research is being done behind the classical portals of Great George Street. It may even explain the chancellor's residual worries about joining the EMS.

"As you may be aware," it begins, "I have for some time been convinced that the sterling exchange rate is strongly influenced by England's performance at cricket." The memo-writer proceeds to prove it to his own satisfaction.

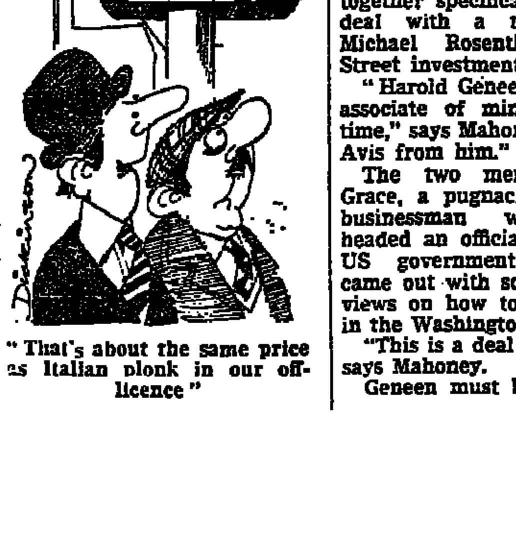
After constructing an index of cricket performance in which a win against the West Indies would rate 10, but a loss only three, while a win against Sri Lanka would not count, but a loss would rate −10 on the scale, he ran a correlation through his computer.

Instant success. The exchange rate and the cricketing index march together.

Quite good for a simple formula, and better certainly than any commercial forecasting model we know — although some refinements are still needed.

Britain's stability with the EMS would not necessarily depend upon something as fragile as Ian Botham's form, however.

The model fails, as such models usually do, to establish the direction of causality, otherwise known as the chicken and egg problem. Just recently sterling has been much stronger than the cricket factor. "It is not clear," the researcher concludes, "whether this means that sterling will shortly fall to $1.20 — or that England will win the next six Tests after the present tour."



"That's about the same price as Italian plonk in our off-licence"

Home birds

Harold Geneen, aged 76, the legendary ex-boss of ITT appears to have lost none of his passion for deals.

He has now teamed up with another old master-conglomerator, the ex-Norton Simon chairman, David Mahoney, to make a $500m bid for a group of home improvement and speciality stores being divested by W. R. Grace, a chemicals group run by Peter Grace.

According to Mahoney, aged 62, the two men have got together specifically to do this deal with a third partner, Michael Rosenthal, a Wall Street investment banker.

"Harold Geneen has been an associate of mine for a long time," says Mahoney. "I bought Avis from him."

The two men also know Grace, a pugnacious self-made businessman who recently headed an official inquiry into US government waste, and came out with some aggressive views on how to cut spending in the Washington bureaucracy.

"This is a deal among peers," says Mahoney.

Geneen must be hoping this transaction will have better luck than his investment in Ticor, the Los Angeles-based mortgage insurance company, a couple of years ago. He said at the time that he had made far more money out of his wheeling and dealing after retirement than he ever earned as the architect of the massive deals which created ITT.

Since then, however, Ticor has gone decidedly wrong, facing potential losses of $150m on policies issued to insure mortgages offered by Equity Programs, a group which went into bankruptcy last year. As a result Ticor has been told by regulators not to issue any new policies.

The Grace contract looks much more like the deals that Geneen and Mahoney are used to. They are acquiring a group that turns over $2bn a year, and which includes several specialist retailers, in a transaction largely financed by debt.

Some analysts have suggested that Grace is receiving a handsome price for the business — although the value of retail assets have been bid up in the US recently.

Naturally Mahoney does not agree. "At only $30m over book value I think the deal looks pretty good," he says.

Stylish company

When I walked along Pall Mall, London, the other day with the Canadian writer Peter Newman our progress almost stopped the traffic.

He was wearing a handsome beaver pelt top hat which I believe to be The Regent style, popular about 1825.

Its appearance is, well, let us say, slightly extravagant for workaday London in 1986. However, Newman was making a modest publicity point.

His history of the Hudson's Bay Company, called Company of Adventures (Viking £14.95) has just been published.

And it was an insatiable European demand for the soft under-fur of the beaver, to be turned into felt for hat-making, that founded the fortunes of the company—and eventually the Canadian nation.

A frequent fate of company histories is to be born in the enthusiasm of the chairman's thoughts, to be conceived uneasily, and eventually to suffer death by neglect on the bookshelves.

Not so Newman's history, which has been written entirely without the heavy breath of company censors on the work. After giving him the key to 68 tons of archives the company, which these days is principally in property, oil and stores, left him severely alone to get on with it.

New team

Hepworth Ceramic Holdings, a firm with a turnover of £366m last year, which is involved in heavy industry, has plans to put a young new management team in place during the next few months.

Frank Sinclair Thomson, aged 43, is to be the Hepworth group chief executive. He is leaving a main board directorship at TI Group, and the chief executive's chair at TI's domestic appliances division to sit in the Hepworth driving seat.

Thomson is joining John Ansdell, aged 40, Hepworth's finance director for the past year, who came to the group from Merck, the US drugs company.

Peter Goodall, aged 65, the present chairman and chief executive of Hepworth, says he is delighted that Thomson — "very young and very able" — will succeed him. The sea change in the Hepworth board room will be completed later in the year when Goodall also hands over the group chairmanship to Professor Roland Smith, the Harrods wizard, company doctor, and academic.

Hepworth has five divisions—plastics, refractories, clay pipe, industrial sand, and engineering.

Observer

BASE LENDING RATES

ABN Bank	11 %	■ Guinness Mahon	11 %
Allied Dunbar & Co.	11 %	■ Hambros Bank	11 %
Allied Irish Bank	11 %	Heritable & Gen. Trust	11 %
American Express Bk.	11 %	■ Hill Samuel	§11 %
Amro Bank	11 %	C. Hoare & Co.	11 %
Henry Ansbacher	11½%	Hongkong & Shanghai	11 %
Associates Cap. Corp.	11 %	Johnson Matthey Bkrs.	11½%
Banco de Bilbao	11 %	Knowsley & Co. Ltd.	11½%
Bank Hapoalim	11 %	Lloyds Bank	11 %
Bank Leumi (UK)	11 %	Edward Manson & Co.	12 %
Bank Credit & Comm.	11 %	Meghraj & Sons Ltd.	11 %
Bank of Cyprus	11 %	Midland Bank	11 %
Bank of Ireland	11 %	■ Morgan Grenfell	11 %
Bank of India	11 %	Mount Credit Corp Ltd	11 %
Bank of Scotland	11 %	National Bk. of Kuwait	11 %
Banque Belge Ltd.	11 %	National Girobank	11 %
Barclays Bank	11 %	National Westminster	11 %
Beneficial Trust Ltd.	12½%	Northern Bank Ltd.	11 %
Brit. Bank of Mid. East	11 %	Norwich Gen. Trust	11 %
■ Brown Shipley	11 %	Peoples Trust	12 %
CL Bank Nederland	11 %	PK Finans. Intl. (UK)	12½%
Canada Permanent	11 %	Provincial Trust Ltd.	12½%
Cayzer Ltd.	11 %	R. Raphael & Sons	11 %
Cedar Holdings	12 %	Roxburghe Guarantee	12 %
■ Charterhouse Japhet	11 %	Royal Bk of Scotland	11 %
Citibank NA	11 %	Royal Trust Co. Canada	11 %
Citibank Savings	¶11.95%	Standard Chartered	11 %
City Merchants Bank	11 %	Trustee Savings Bank	11 %
Clydesdale Bank	11 %	United Bank of Kuwait	11 %
C. E. Coates & Co. Ltd.	12½%	United Mizrahi Bank	11 %
Comm. Bk. N. East	11 %	Westpac Banking Corp.	11 %
Consolidated Credits	11½%	Whiteway Laidlaw	11½%
Continental Trust Ltd.	11 %	Yorkshire Bank	11 %
Co-operative Bank	*11 %		
The Cyprus Popular Bk	11 %		
Ducan Lawrie	11 %		
E. T. Trust	12½%		
Exeter Trust Ltd.	11½%		
Financial & Gen. Sec.	11 %		
First Nat. Fin. Corp.	12½%		
First Nat. Sec. Ltd.	12½%		
■ Robert Fleming & Co.	11 %		
Robert Fraser & Ptrs.	12 %		
Grindlays Bank	‡11 %		

■ Members of the Accepting Houses Committee.

* 7-day deposits 7.03%. 1-month 7.38%. Top Tier—£25,000+ at 3 months notice 10.38%. At call when £10,000+ remains deposited.

‡ Call deposits £1,000 and over 7½% gross.

¶ Mortgage base rate

§ Demand dep. 7.02%. Mortgage 12.25%.

Foreign Affairs

How not to deal with the terrorists

By Ian Davidson

"THERE IS a war fever in Washington," said an American official who must remain anonymous. President Reagan has branded Colonel Gadaffi the "mad dog of the Middle East," and has dropped a heavy warning that the US may take military action against Libya as punishment for recent terrorist attacks in Europe. One American aircraft carrier has been ordered to cancel its departure from the Mediterranean, another has been ordered to cancel a visit to a French port. Following the skirmish between US and Libyan forces in the Gulf of Sirte last month, it looks ominously as though the Administration is gearing up for another opportunity to give the Libyans a bloody nose; who knows, it may even happen before this appears.

Reasonable people may think that Col Gadaffi had it coming to him. For too long he has been a disruptive and dangerous influence in the world; American arguments that his regime has had a hand in recent terrorist attacks are inherently plausible—in the case of the killing of WPC Yvonne Fletcher in St James's Square in 1984, there was no shadow of doubt; now the US claims to have clear (or fairly clear) evidence of Libyan involvement in the recent bombing of a Berlin disco. But to go on from there to argue that the right response is a military reprisal, is to make several large leaps of reasoning and policy.

In the first place, there comes the question Who Are The Guilty Men, and what is the evidence? The US says it has clear evidence against the Libyans in the case of the Berlin bomb; it has not been published, perhaps for legitimate intelligence-security reasons, but OK, let us assume that it is pretty hard. But what about all the other recent terrorist attacks: the killing of El Al passengers at the Rome and Vienna airports in late December, the three bombs in Paris in February, the Champs Elysées bomb in March, the TWA bomb at the beginning of this month, to mention but a few? If all these are down to Col Gadaffi, how do we know? If only some of them go back to the Libyan connection, who was behind the others?

If one digs down just a little bit, a number of things emerge—and they are not clear and categoric answers to these questions. The first is that American intelligence information is, to a large extent, unavoidably circumstantial and probabilistic. Policy-makers like to start with cast-iron facts, but intelligence services rarely get complete collections of cast-iron facts which resemble a mathematical proof. For example, the US recently published a report on Soviet non-compliance with various arms control agreements; of the 18 specific charges, only nine were classified as categoric violations; the other half were classified "probable violation," "possible violation," "ambiguous" and the like. The epistemological problem is unsurmountable.

Second—and this is where the waters get much murkier—American officials will concede that Col Gadaffi's Government does not necessarily orchestrate the terrorist attacks; that it may not even know in advance what targets will be attacked by what individual terrorists; that there may be no necessary nationality-link between the paymasters, the planners and the gunmen but that Libya does provide money, arms and training for terrorists. In other words, the links in the chain of responsibility leading to Col Gadaffi are in many cases frustratingly but unavoidably shadowy; and yet throughout the US foreign policy community, according to my American official, "there is no doubt in anybody's mind that he's as guilty as hell."

The trouble with the argument is not that it is wrong in its component parts, but that it leads the US to focus the spotlight on Gadaffi for reasons that are uncomfortably simplistic, even downright convenient, and in consequence to gear up for military actions which are likely to be irrelevant at best, counter-productive at worst. Gadaffi's face fits; he is a natural demonological figure for President Reagan to scream abuse at. But if the object is to "go to the source" of terrorism, does the Administration believe that Gadaffi is the only source? Of course not; but he does happen to be the easiest and the safest target.

There are numbers of fragmented Palestinian groups which engage in terrorism; but they are hard to identify or locate. There are various Shi'ite groups, but the same difficulty applies. If the US wants to retaliate, not against individual terrorist groups, because they are too elusive, but against the states which sponsor and encourage them, then surely Syria (and Iran, for that matter) should come into the calculation; but the US simply dare not get into a fire-fight with Syria, partly because it might be a more serious adversary, but mainly because it is too closely associated with the Soviet Union. Libya is a much safer target: its Soviet patronage is more ambivalent, and it can easily be attacked from the sea.

Would a military attack on Libya be likely to bring about a change in the international behaviour of the Gadaffi regime, or would it be likely to bring about a reduction in the incidence of international terrorism? Almost certainly not; if anything, the contrary effect is more probable. A military reprisal raid would have to look like the first step in an ineluctable process of escalation to have any chance of exerting a deterrent effect on Col Gadaffi, yet President Reagan can scarcely afford to contemplate any such extended process: on the other hand, where terrorism is concerned, there is no such thing as a short, sweet, bloodless, conclusive victory, the surgical exploit of a sunny afternoon.

If Gadaffi were not deterred, an American attack might well goad him into even greater support for (anti-American) terrorism; if he were deterred, he is not the only source of money, arms and training for terrorists, and other sponsors in the Arab world might respond with more intense terrorist activity, again primarily against American targets.

The curious thing is that the flexing of military muscle is almost diametrically opposed to the central thrust of the anti-terrorist doctrine formulated by the Administration barely a month ago. The Vice-President's Task Force on Combatting Terrorism explicitly allows for the option of retaliation and military force, but in terms which underline the difficulties and drawbacks of such a course of action.

"The US Government," it says, "is prepared to act in concert with other nations, or unilaterally when necessary, to prevent or respond to terrorist acts. . . . . A successful deterrent strategy may require judicious employment of military force to resolve an incident."

But it adds a number of important qualifications and caveats.

"The US will resist the use of terrorism by all legal means available. . . .

"If there is evidence that a state is mounting or intends to conduct an act of terrorism, the US will take measures to protect its citizens, property and interests. . . . (my italics)

"US policy is based upon the conviction that to give in to terrorists' demands places even more Americans at risk. This no-concessions policy is the best way of ensuring the safety of the greatest number of people.

"Our principles of justice will not permit random retaliation against groups or countries. However, when perpetrators of terrorism can be identified and located, our policy is to act against terrorism without surrendering basic freedoms or endangering democratic values.

"Because acts of terrorism vary so much in time, location, jurisdiction and motivation, consistent response is virtually impossible."

By contrast, the unqualified action-recommendations in the report are quite different in kind:

1—Strengthen the security of US installations, and reduce US personnel in dangerous areas.

2—Strengthen international co-operation, on civil aviation and maritime affairs, inter alia.

3—Close extradition loopholes, as with the new US-UK treaty.

4—Impose sanctions on countries which violate the Vienna Convention on diplomatic privileges.

5—Strengthen airport and port security.

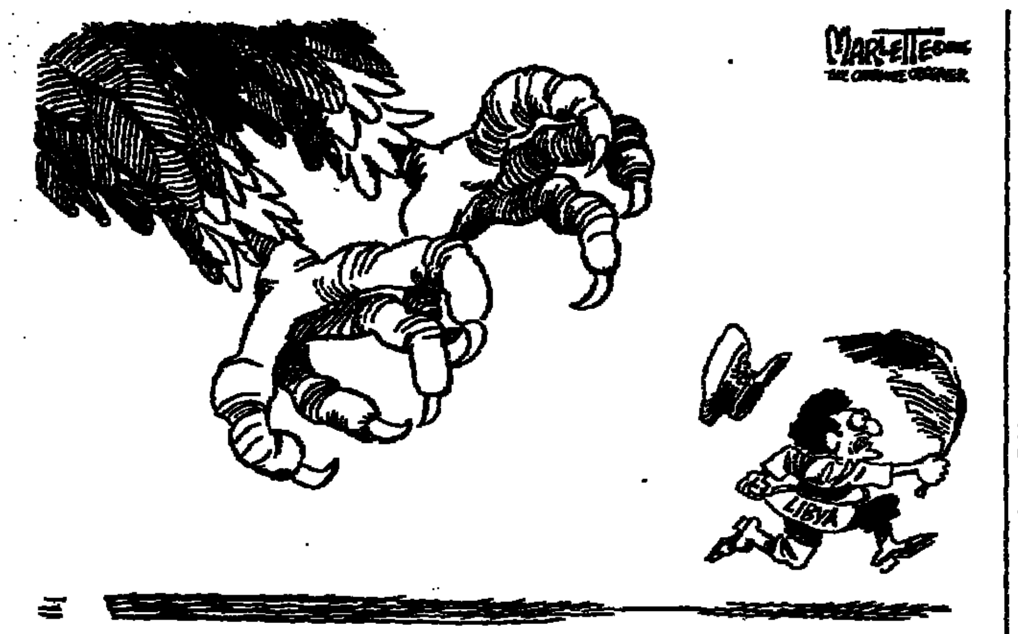
6—Strengthen intelligence-gathering, and the sharing of intelligence with other governments.

7—Make the murder of US citizens a Federal crime, and establish the death penalty for hostage murders.

In short, the US Administration knows as well as anyone else that the only effective measures against terrorism are also the only ones which are unquestionably consistent with the basic values and democratic freedoms of an anti-terrorist society; they do not rely on the spectacular unleashing of military fire-power, but are time-consuming, laborious and inconspicuous, and are carried out by policemen, not fighter pilots. "The trouble with the war fever in Washington," said the American official, "is that it makes the sanest people say the unsanest things."

Lord Carrington, Secretary-General of Nato, has said that there would be a "very great deal of sympathy" in the Alliance for US retaliation, if it came up with evidence of Libyan involvement in terrorism. Sympathy, perhaps; but not much approval. The US embassy in London received a lot of mail after the recent clash in the Gulf of Sirte, and almost all of it was critical; not out of support for Gadaffi, but because of the risk that it would provoke another round of terrorist attacks.

In general, US military muscle-flexing in response to terrorism looks disturbingly like yet another manifestation of the current mood of belligerency in Washington. But those who would criticise it in particular should reflect that it may also be an exasperated response to the failure of the civilised world to take strong enough non-military measures. The UK kicked out the Libyan People's Bureau after the shooting of WPC Fletcher; the French, the Germans and others could usefully follow suit. We need tougher airport security, even if it is inconvenient for air travellers. We need more rigorous scrutiny of visa controls on suspect nationalities. If governments balk at the inconvenience of coherent action, less coherent action may be taken by particular interest groups: just as the Western banks imposed the sanctions on South Africa which Mrs Thatcher had resisted, so we may be reduced to reliance on a potential boycott by airline pilots of countries which support terrorists. If we do not like American machismo, and if we want to arrive alive, we must use other methods.



Lombard

The new creed of Bakerism

By Anatole Kaletsky

IT IS the kind of sea-change in economic thinking that usually takes years to gather strength and even longer to perceive clearly. But the pace of history appears to be quickening; after a mere half decade of world domination, the ideology of laissez faire is everywhere in retreat.

Three international events in recent weeks have unmistakably underlined the new trend. The first, ironically, was a response to what may be the last great pyrrhic victory of international market forces — the collapse of oil prices, which had US Vice-President George Bush calling for Saudi efforts to stabilise the oil market.

A few days later there was the smooth and successful realignment of the European Monetary System — the most convincing proof to date that governments can rule the foreign exchange markets if they behave in a co-operative and reasonable manner.

Finally, there was last week's decision by the IMF Interim Committee in Washington to set and monitor "objective indicators" for growth, inflation and monetary and fiscal policies in the major industrial countries.

It seems that nobody in Washington even thought of suggesting that all such initiatives were heretical and doomed to failure; that "the magic of the market," left unaided, would reconcile divergent international policies in the best possible way. As for the theory that governments are powerless to influence their countries' growth rates through demand management — even Mr Nigel Lawson now reserves this fatalism entirely for domestic consumption. At international meetings he is the first to lecture the Japanese on the need for macroeconomic reforms to promote growth and free trade.

In retrospect, it seems clear that the arrival of Mr James Baker at the US Treasury was the event which heralded the new thrust in economic thinking. In fact, the change was evident even without hindsight; an FT leader exactly a year ago, just after Mr Baker's appointment, was headlined "Farewell to laissez faire." Curiously, Mr Baker's personal prominence has tended to obscure the true significance of the changes which are taking place.

As a loyal servant of President Reagan's, Mr Baker has deliberately downplayed the contrast between the theory of Reagonomics and the practice of Bakerism. Even more importantly, the world's unshakable belief that America dominates the international economy in its own interests, has produced a general cynicism about what is going on. Market forces were encouraged as long as they worked in the US interest; as soon as the markets turned against America, America simply rewrote the rules of the economic game.

The reality, however, is less simplistic and more interesting. The world's economic ideas do not automatically come with a Made in America label. The ideology of hairshirt laissez faire which now appears to be waning was rightly identified around the world with Mrs Margaret Thatcher even more than with President Reagan. If the whole world is now edging away from laissez faire, it is not just because Mr Baker is pushing in that direction.

Most of the industrialised countries have reached the point where laissez faire has served its purpose. All over the world, Thatcherism was introduced as an antidote to excessive expectations. Governments had managed for 20 years to maintain full employment. But they were being called upon to produce too much else—rising living standards, higher pensions, greater equality, more leisure, a better environment—at the same time.

Inflation was the signal to re-establish the limits of governmental action and remind societies that the market does impose some economic constraints. Now that this message has sunk in, the world may be ready to move on from Thatcherism to Bakerism. The market is still all-important. But it is now an indispensable servant — not an implacable master.

Letters to the Editor

Schooling standards

From Professor S. Prais

Sir,—Michael Dixon is right (April 10) to look abroad for lessons in schooling efficiency but what he says on Germany needs to be amplified.

The curriculum and the distribution of the school timetable among various subjects is centrally prescribed for each type of school in each *Land*; there is also a list of approved textbooks for each class which covers the prescribed curriculum for that class—and a fair choice of texbooks is available. In England none of this applies; and the school-leaving examination is the sole device available for influencing—and then only to a limited extent—what is taught throughout the 11 years that a child spends in compulsory schooling.

Pupils not reaching prescribed attainments at the end of each school year in Germany are required to repeat that year. Here, on the other hand, there is automatic promotion from one class to the next. This leads to greater variability of attainments; and to greater difficulty in teaching.

In most *Länder* centralised external leaving-examinations comparable to our O-levels are set for *Realschulen*—the schools catering for the middle range of ability. For pupils below that level of attainment (ie corresponding to our CSE and below), centralised written tests are set in Baden-Wurttemberg and Bavaria—and with exemplary results. It is only for examinations at *Gymnasium* schools (catering for university-entrants) that it is wholly correct to say that they are set internally by each school; but it is precisely for the corresponding category of pupils in England, with their externally-set A-level examinations, that attainments in England are generally regarded as superior to those in Germany.

I agree with Michael Dixon in doubting whether the new GCSE will wholly solve our schooling problem. But the reason—in my view—is not that we can manage without external examinations, but rather that merely changing leaving-examinations will not go far enough towards ensuring efficiency in teaching at younger ages.

(Professor) S. J. Prais.
National Institute of Economic and Social Research,
2, Dean Trench St, SW1.

The needs of a nation

From Lord Grimond

Sir,—It is nice to know that the FT still has, in the person of Mr Prowse (Lombard, April 7), a representative of the pure stream of hard-nosed capitalism. The difficulty which protagonists of this now face is that it cannot meet the needs of a nation which wishes to encourage efficiency, unity, or a reasonable degree of equality.

It is no wonder that in the face of what is going on around us, where the rich are growing richer and the poor relatively poorer, there is a growing demand for a new form of economic organisation based on co-ownership and co-operation.

Grimond.
24 Priory Avenue, W4.

Bengal Bay scheme

From Mr G. Ford MEP

Sir,—John Elliott (April 2) added further to recent reports that India was planning to open up its remote tribal islands of the Andamanns and Nicobars as a kind of ersatz Hong Kong. This scheme is misconceived.

These islands are just not suitable for such hyper-development. The current airport at Port Blair is well below international regulation length for large jets and because of its position unsuitable for expansion. The power supply comes from wood-burning power stations as coal deliveries cannot be guaranteed and no infrastructure exists outside of the capital on the main island, let alone elsewhere.

On these islands are the last of the world's native tribes still totally isolated from civilisation, the Jarawas. The fate of many of the other tribes who have "benefited" from the civilising influences successively of the British, Japanese and Indians is demonstrated by that of the Great Andamanese whose population has shrunk from 5,000 in 1901 to 27 today and now face extinction.

The islands geographically, anthropologically and culturally are not part of India. They are the flotsam and jetsam of Britain's decolonisation and are attached to Indian by an accident of history. Let India respect that trust. There are plenty of suitable locations in India where \$5bn of investment would do more for Indian development than an attempt to rebuild Hong Kong in the Bay of Bengal resulting in the destruction of the islands under such an ultimately abortive scheme.

Glyn Ford.
3 Market Place,
Ashton-under-Lyne, Lancs.

Land and Range Rovers

From Mr J. Moulton

Sir,—Mr Phillip Oppenheim MP (April 2) makes a number of points about Land Rover that require comment and correction.

Land Rover, and also Range Rover, are not to use his words "struggling to find a niche" in world markets. These products have a long and well established position in those sectors of the market that require vehicles that will cross difficult terrain better than any other; carry higher payloads or more passengers than others; last longer than other models; and that will, through Range Rover, deliver an all round level of performance unmatched in style or panache by any other vehicle. It is these features which provide Land Rover with a cost of ownership which is very competitive.

Mr Oppenheim offers no evidence to support his contention that Range Rover "is unlikely to do well" in the US Range Rover already sells well in the UK, in Europe, in the Middle East and in Australia. It has a well defined position as a luxury 4 x 4 product. This is widely acknowledged in the automotive industry, as evidenced by its sales growth record and is well recognised by potential customers and dealers in the US.

It is true that Japanese manufacturers have developed lighter duty, cheaper products and that these have expanded overall sales of 4 x 4 vehicles. The present trend to 4 x 4 drive lines on cars as well as on/off road vehicles will expand the overall 4 x 4 sector still further. Many such products are purchased as car substitutes — some even are purchased as Land Rover substitutes. Whether they actually provide better value over time, despite their lower initial purchase price, is an issue that will depend on users' requirements and perceptions. But it can be said that Land Rover (and Range Rover) unit sales in the UK have increased in recent years and that the company remains the dominant supplier in an expanding market for 4 x 4 vehicles.

Mr Oppenheim claims that "the range desperately needs modern petrol and diesel engines to replace the 30-year-old four cylinder units." Land Rover has made (in the past two years) significant improvements to its engine range. All the engines presently deliver first-class off-road performance (this is one of their strengths) and significant progress has already been achieved in improving on road performance. The company has a major programme of further developments in hand and the buy-out provides funding for these.

The fact of the matter is that GM does not possess a strong commercial vehicle franchise in Europe. The best immediate prospect of promoting Freight Rover and, for that matter, Leyland Trucks sales in Europe probably rests with the marketing agreement recently reached with DAF Trucks. DAF already possesses an established commercial vehicle distribution and dealer network in the major European markets. GM would have depended upon that agreement as much as BL if it had been successful in its acquisition attempt.

GM has already (during 1985) approached MAN in Germany and ENASA in Spain without reaching agreement on an acquisition. Neither of these GM initiatives involved acquisition of a 4 x 4 business This makes GM's insistence on one in the UK, as the condition of a deal with Leyland Trucks, somewhat puzzling.

I remain of the view that a Leyland Trucks-Bedford merger would be beneficial for the UK truck industry, so it need not be the only future for Leyland Trucks. There are alternatives to be explored and parties interested in exploring them.

Jon Moulton,
Schroder Ventures,
5 Queen Street, EC4.

Shock-horror and conservation

From Mr J. Walford

Sir,—Lest readers mistake the shock-horror-drama element in the title of your otherwise excellent review (April 5) of the Domesday exhibition at the Public Record Office for the alleged horror of conservationists at the rebinding of the two, Great and Little, Domesdays into five volumes, may I be permitted a few words on the subject?

The decision to rebind in slimmer volumes was taken only after extensive consultation with conservators who were all but unanimous that it was the tightness necessitated by binding so many leaves in two volumes that was responsible for the slight abrading of the text along some of the inner edges of the leaves. In these circumstances it seemed pedantic to continue rather than presumptuous to change a tradition for which there is little contemporary justification.

John Walford
(Press Officer)
Public Record Office,
Kew, Richmond, Surrey.

FINANCIAL TIMES
Monday April 14 1986

Terry Byland on Wall Street

Healthcare provides a remedy

IN A STOCK MARKET looking increasingly choppy despite last week's strong rebound, Wall Street specialists are looking harder than ever for companies with more to offer than somewhat elusive "potential benefits" from the slide in world oil prices and US interest rates.

The downside aspects of lower oil prices and the continued sluggishness in the economy have kept the heavy industrial sector under a cloud. The unwillingness of the market to respond on Friday to an upbeat trading statement from IBM has underlined its failure to make any significant progress over the past month. A cut in the discount rate, while welcome enough, may prove a damp squib in a stock market which has had too much time to prepare itself for the event.

The search for genuine growth stocks is one reason why the major blue chip issues have languished. The big city retail stores, for example, pushed sales ahead by 7 to 10 per cent in the first quarter despite the general slowness of national retail sales. After a lengthy period of disfavour in the stock market store shares turned higher last week.

A similar trend is beginning to show itself in the health care and hospital management stocks, which fell from grace last autumn, just when the rest of the market was girding itself for its massive upswing.

The shakeout in the sector largely reflected the downswing in hospital admissions as the federal government's 1983 revised Medicare provisions took effect. There are signs that the fall in bed occupancy is steadying, and that the better managed groups have successfully reduced dependency on federal spending, and moved themselves towards health maintenance organisations (HMOs), to psychiatric or nursing home care, rather than the long-term surgical services which proved a target for the federal government's attack on Medicare costs.

Charter Medical, still suffering from the loss of the major hospital management contract in Saudi Arabia, has moved quickly to reduce its heavy involvement in general acute care hospitals. Its bed occupancy rates, which fell from 56 per cent to 42 per cent between 1980 and 1985 as the new Medicare rules took effect, have leveled off. At the same time the group has vigorously pursued its expansion into psychiatric nursing, which could provide substantially more than half the $48m profits expected for 1986 by Wall Street analysts.

But the stock market, with so many more exciting shares to follow since the beginning of the year, still awards a low rating to Charter and to most of the other medical care stocks. Among the fully-fledged HMOs, only Healthamerica has been able to maintain the premium commanded against industrial stocks only 12 months ago. The opening quarter of this year saw Healthamerica stock rise 19 per cent but Maxicare and Healthcare USA were unable to keep pace with the 13 per cent gain in the Standard & Poor's 500 stock index.

HMO groups and, therefore, their earnings, depend heavily on their success in building up new enrollments of insured members who then become potential patients. Once the enrollee has joined, either as a private individual or as part of a corporate scheme, his use of medical services can be closely cost-controlled and monitored.

Healthamerica tops the league table with an estimated 850,000 enrollees, followed by Maxicare with 785,000 and Healthcare USA with 685,000.

At Drexel, Burnham Lambert Mr Peter Sidoti rates the HMOs in terms of market value per enrollee, which measures the number of enrollees against the share price, equity capital, debt and working capital. By this complex yardstick Healthamerica's enrollees are valued by the market at $410 apiece, compared with $825 at Maxicare.

The same measuring stick, when applied to the two most recent acquisitions in the HMO industry, suggests that newcomers see significant growth opportunities. Travellers Corporation paid around $1,700 apiece for the 20,000 enrollees of the two HMO operations bought from Whittaker Corporation in February.

Maxicare still trades just below its 52 week high although Wall Street expects earnings to leap by around 40 per cent this year as it leads the HMO advance into New York – potentially the most profitable market in the nation.

Profit potential on this scale is hard to find in the US stock market just now, notwithstanding the enthusiasm over lower oil prices. If the Dow average continues to consolidate, then investors will have to look outside the blue chip sector for growth – and perhaps for safety as well.

UK will not retreat on ADR tax

BY ALEXANDER NICOLL IN LONDON

MR NIGEL LAWSON, Britain's Chancellor of the Exchequer, has dented the hopes of British companies and of stockbrokers on both sides of the Atlantic that he will amend the 5 per cent charge he placed in last month's budget on conversion of British shares into American Depositary receipts (ADRs).

He has for the first time made it clear, however, that the tax was specifically aimed at preventing British investing institutions from avoiding stamp duty by trading UK company shares in the New York market.

The tax has aroused fierce criticism as a protectionist move hindering foreign investment in Britain. ADRs – US securities representing shares in foreign companies – have been actively traded in New York. Many US investors prefer to buy foreign shares in US-listed, dollar-denominated form, and some are barred from buying foreign-registered shares.

Mr Lawson, speaking at an Economic Club of New York dinner after last week's International Monetary Fund meetings in Washington, said it was important for him to protect the estimated $900m revenue from stamp duty after halving it from 1 per cent in the budget.

Without the new charge, he said, there remained an incentive for British investors to execute their orders in New York.

"I am perfectly happy for them to do that, but if they are going to do that they have to pay a season ticket. That is the thinking behind it."

Mr Lawson said US investors were more than welcome to trade UK shares in London, though he noted that federal and state laws prevented some US institutions from doing so. "I regret that, and I hope that you will in due course remove that legislation," he said to applause from his New York audience.

Mr Lawson's remarks could spur lobbying on suggestions floated in London that the ADR tax be amended so that it penalised only UK institutions which traded in the New York market, and not US investors. Such a concept would be problematic, however, because it would give foreign investors in UK shares more favourable tax treatment than domestic investors.

Last week the chairmen of 11 British companies argued in a letter to The Times that the new tax would "provide both a financial and a commercial advantage to the foreign competitors of British industry."

"It is an illusion to believe that any significant increase in volume of foreign investment will be made directly through the London market," wrote the chairmen of Imperial Chemical Industries, Consolidated Gold Fields, BOC, Cadbury Schweppes, Jaguar, Glaxo, Hanson Trust, Reuters, Shell Transport and Trading, British Telecom and Bowater Industries – all companies with significant amounts of equity in ADR form.

Liquidity in the ADR market has fallen substantially, with virtually no new ADRs issued since the budget on March 18. Dealers say the market is further hampered by uncertainty about whether the campaign against the tax will succeed in getting it changed.

Some US brokers are advising clients to sell ADRs simply because removal of the tax would cause disappearance of the premiums now built in to New York prices to reflect the tax. The brokers' advice is to buy the cheaper UK-registered stock, and then to convert it back into ADRs if the tax is changed.

Although they oppose the new tax some US dealers regard it as part of a trend away from the ADR market and into shares registered abroad as Americans become more familiar with foreign markets and invest more abroad.

"The ADR in three years time will be a facility used by the retail client who doesn't have access to the registered share market," said one senior trader last week. "Many US institutions are accepting that it is better to own foreign-registered shares in home currencies, and are finding foreign shares to invest in that do not come in ADR form."

France wants New Zealand's EEC butter quota scrapped

BY ANDREW GOWERS IN LONDON

POLITICAL trouble is looming between New Zealand and the EEC over New Zealand's vital butter exports to Britain.

The quantity of butter that New Zealand is entitled to sell to the Community – almost all of which goes to the UK – in 1987 and 1988 under a five-year agreement is up for negotiation later this year.

The new French Government, however, in a move which may be related to a wider diplomatic row with New Zealand, has made clear that it wants the country's EEC sales quota scrapped to the alarm of Britain and New Zealand.

Mr Michael Jopling, the British Agriculture Minister, plans to raise the issue when he meets Mr François Guillaume, his French counterpart, in Paris today.

Mr Jim Graham, chairman of the New Zealand Dairy Board, will also discuss the issue at top-level meetings in Brussels, Paris and London this week.

Butter is economically important to New Zealand, and significant in the close political relationship between Britain and its former colony. Its sales to the UK were worth about £132m ($194m) in 1984, about 4 per cent of its total export earnings and 23 per cent of its agricultural export earnings.

Continued access for New Zealand to the British butter market was obtained in a hard-won agreement during the UK's negotiations to join the Community. Sales have since declined along with an overall fall in UK butter consumption and as some other EEC countries – mindful of the European dairy surplus – have sought to reduce New Zealand's quota.

This year, for example, New Zealand is entitled to supply 79,000 tonnes to a UK packet butter market estimated at between 320,000 and 300,000 tonnes; this compares with New Zealand sales of 152,000 tonnes into a total market of about 400,000 tonnes in 1973, the year of British accession to the EEC.

New Zealand is theoretically guaranteed a quota allocation at least until the end of 1988 under a deal struck two years ago. But Irish insistence that agreement left open the quantities New Zealand was to be allowed to sell in 1987 and 1988. The European Commission is due to table proposed amounts by August.

Now, however, matters have been further confused by the tough line taken by France's new right-wing administration. Mr Guillaume, who used to head the main French farming organisation and has vowed to defend farm incomes since taking office, told his former colleagues last week that New Zealand's quotas were "intolerable" for struggling French dairy farmers.

"We cannot accept that sacrifices made by producers are aggravated by substitute products (margarine) and the continuation of butter imports from New Zealand," he said.

There are strong suspicions, both in Wellington and London, that France's hostile stance is related to its diplomatic row with New Zealand last year. This erupted when the New Zealand authorities imprisoned two French intelligence agents implicated in the bombing of the Rainbow Warrior, a ship sent by the environmental group Greenpeace to thwart French nuclear testing in the South Pacific.

France has since been restricting imports including wool from New Zealand, apparently as part of a campaign for the return of the prisoners.

"The French position has got us worried sick," admitted one New Zealand diplomat. "There's no clear way out of it."

"We're going to have a hell of a fight on this one," added a senior British official.

A strong lobby is also being mounted for reduction – and possibly eventual abolition – of the New Zealand quota by the British dairy industry, which is itself dogged with heavy excess capacity. The Milk Marketing Board, which represents dairy farmers, and the Dairy Trade Federation, representing dairy companies, are working on a joint position to press on Mr Jopling during the next few weeks.

They argue New Zealand's share of the British butter market has grown inordinately as UK butter consumption has sagged – a claim which the New Zealanders dispute. Mr Graham of the NZ Dairy Board, is likely to argue that if New Zealand were not allowed to sell to Britain, it would be forced to offload more butter on the surplus-ridden world market, increasing competition for the EEC's own expensively subsidised exports.

Opec faces stalemate over cuts in output

By Richard Johns in Geneva

THE OPEC ministers' conference resumes tomorrow with little hope of reaching agreement on the distribution of oil output cuts sufficient to restore prices.

Saudi Arabia, Kuwait and the United Arab Emirates are still adamant that nothing can be achieved without the collaboration of non-Opec producers, particularly the UK and Norway.

Delegations dispersed from Geneva after the March 24 meeting was adjourned to consult their heads of state and governments on proposals for deep cuts during the second quarter to a collective total of 14m to 14.5m barrels a day (b/d), compared with an actual rate of nearly 17m b/d in the January-March period. They do not appear to have reached an accord.

The session in March made it clear that Opec could not compromise on any reallocation of output quotas less than the ceiling on collective production of 16m b/d which is still notionally in force and would probably need a level of 18m b/d to strike any sort of bargain.

Since that meeting, however, there have been two heartening developments for Opec.

One has been the strike by catering staff in the Norwegian sector of the North Sea, which has eliminated for a while one source of supply and provided a stimulus to prices in the process.

Gadaffi 'plans more attacks'

Continued from Page 1

ment. One official regarded it as an attempt by the Libyan leader to warn the West, including the US, of possible dangers to their citizens in the event of military action.

Libya is heavily dependent on a relatively large foreign workforce to operate and maintain its oil sector. Oil accounts for almost all its export earnings – which have dwindled from more than $20bn in the early 1980s to about $8bn last year.

Col Gadaffi, who was reportedly grim-faced during his interview with the American reporter, said Libya had information that the US had targeted military bases and oil installations.

The British Government has warned the 5,000 or so British citizens in Libya of the dangers. "It follows that, in a period of rising tension, the British Government would expect British citizens to review carefully the advisability of their remaining in Libya," a Foreign Office statement said.

EEC seeks joint stance

Continued from Page 1

Reports that Mrs Thatcher had either agreed to or rejected a request from President Reagan that US military aircraft on Nato bases in Britain should be used for an air strike against Libya, were dismissed by officials as "pure speculation."

Although the British Government, which no longer has diplomatic relations with Libya, basically supports President Reagan's anti-Gadaffi stance it believes that the consequences of any military action must be carefully weighed.

Quite apart from the risk that such a move might trigger a new wave of terrorism, Britain is anxious not to endanger the lives of some 5,000 British subjects working and living in Libya.

The Italian Government, which expressed alarm at the weekend at the prospect of a military conflict between the US and Libya, is particularly concerned that US and Nato bases in southern Europe would become Col Gadaffi's prime targets in a retaliatory wave.

Mr Giulio Andreotti, the Italian Foreign Minister, said at the weekend that Italy's desire to achieve a peaceful solution of the US-Libyan quarrel was based not on fear but on a sense of responsibility for the 10,000 Italian technicians and businessmen working in Libya.

At the same time Mr Andreotti stressed that the battle against terrorism was a fundamental element of Italy's foreign policy.

The French and West German Governments were also both believed to have counselled caution on Gen Walters during his talks in Bonn and Paris. Herr Hans-Dietrich Genscher, the West German Foreign Minister, is due to fly to Washington after the EEC Foreign Ministers' meeting in The Hague today, for talks with members of the US Administration which are now expected to be dominated by the Libyan crisis.

Although West Germany was affected at least as much as the US by the blast in the West Berlin discotheque earlier this month, Bonn remains strongly opposed even to the use of economic sanctions against Libya, which is its third largest oil supplier.

US sticks to own road

Continued from Page 1

15 per cent increase in American travel this year following a rise of 25 per cent in 1985.

Even so, the Europeans concede it will be virtually impossible to match last year's record 6.4m visitors from the US and the airlines are preparing for a shoot-out on the transatlantic routes. It could be one of the toughest years ever for the carriers, who have geared up their capacity to cope with a boom in transatlantic travel from the US which started in 1982.

With the number of American travellers rising by about 2.5m since then, the European industry has enjoyed a bonanza, pushing up earnings to about $6bn last year. Within that total, the UK receives by far the most – $1.2bn in 1984 – and this year, when the competition will grow tougher, it is Britain that has come up with the trump card. There is nothing like a Royal wedding, say the agencies, to keep US interest on the boil.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	F	12	54	Dubrovnik	C	13	55	Malta	F	17	63	Rhodes	S	22	72
Algiers	F	13	55	Edinburgh	C	5	41	Manchester	R	4	39	Rio de J'o	S	33	91
Amsterdam	F	5	41	Faro	S	14	57	Manila	–	—	—	Rome	C	11	52
Athens	S	20	68	Florence	C	8	46	Melbourne	S	20	68	Salzburg	Sn	2	36
Bahrain	S	27	81	Frankfurt	F	4	39	Mexico City	–	—	—	San Francisco	F	7	45
Bangkok	S	35	95	Funchal	C	15	59	Miami	R	17	63	Seoul	S	18	64
Barcelona	S	14	57	Geneva	S	5	41	Milan	F	9	48	Singapore	T	24	75
Beirut	C	23	73	Gibraltar	S	15	59	Montreal	C	4	39	Stockholm	C	0	32
Belfast	F	9	48	Glasgow	C	6	43	Moscow	C	0	32	Strasbourg	F	6	43
Belgrade	C	3	37	Guernsey	F	7	45	Munich	F	1	34	Sydney	F	21	70
Berlin	F	3	37	Helsinki	F	1	34	Nairobi	C	22	72	Taipei	C	26	79
Biarritz	C	9	48	H. Kong	S	24	75	Naples	C	9	48	Tangier	S	14	57
Bombay	F	32	98	Innsbruck	C	2	36	Nassau	S	28	82	Tel Aviv	F	34	93
Bordeaux	F	11	52	Inverness	R	4	39	New Delhi	S	37	99	Tenerife	–	—	—
Brussels	C	3	37	Islamabad	C	29	84	New York	F	6	43	Tokyo	S	16	61
Budapest	C	6	43	Istanbul	S	20	68	Nice	S	13	55	Toronto	F	1	34
B. Aires	R	21	69	Jakarta	R	31	88	Nicosia	C	27	81	Tunis	S	15	59
Cairo	C	33	91	Jersey	F	8	46	Oporto	S	14	57	Valencia	S	15	59
Cape Town	S	21	70	Jo'burg	F	22	72	Oslo	C	7	44	Venice	F	9	48
Caracas	C	30	88	Lima	S	24	75	Paris	F	7	45	Vienna	C	2	36
Casablanca	S	15	59	Lisbon	S	13	55	Peking	S	22	72	Warsaw	C	3	38
Chicago	C	3	37	London	F	10	50	Prague	F	1	34	Washington	F	7	45
Cologne	S	6	43	Los Angeles	F	13	55	Reykjavik	F	4	39	Zurich	F	1	34
Copenhagen	C	4	39	Luxembourg	Sn	1	34								
Corfu	C	16	61	Madrid	S	8	46								
Dallas	C	13	55	Majorca	S	13	55								
Dublin	C	9	48	Malaga	S	15	59								

Readings at mid-day yesterday

C–Cloudy D–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

Chirac plans cutbacks

Continued from Page 1

Gradual reductions in the deficit play a key part in the Government's plans to bring down interest rates, which in real terms are still at unprecedented levels in France.

The Bank of France is expected on Tuesday to lower its intervention rate on the money market, pegged at 8¼ per cent since before last weekend's devaluation of the franc within the European Monetary System.

Mr Balladur is also planning to bring down other interest rates such as rates paid on savings deposits, which have been kept artificially high in recent months despite the fall in French inflation to an annual rate of 3 per cent.

However, Mr Balladur – who underlined at the end of last week that he would be "prudent" in bringing down credit costs – has his room for manoeuvre constrained by worries about expansion of the money supply.

The franc's strength in the EMS during the last week, when it was constantly at its new ceiling against the D-Mark, has obliged the Bank of France to intervene massively to support the West German currency at its revalued level.

This intervention – estimated at as high as $3bn last week – has swollen the French money supply and may complicate the Government's efforts to hold the rise in the M3 aggregate to 5 per cent this year.

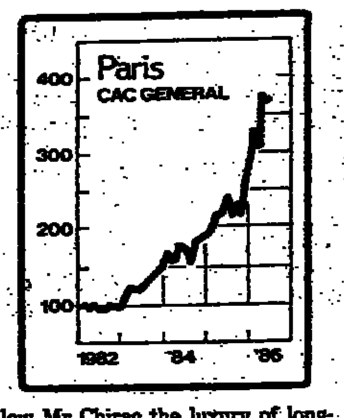
THE LEX COLUMN

Privatisation à la Française

When the newly elected Socialist Government wrote out cheques for a string of French industrial and financial companies in February 1982, shareholders were privately amazed at their good fortune. The Government ended up paying a substantial premium to the market values ruling even before the election. Yet the nationalisation programme has turned out to be a hugely profitable exercise in state capitalism.

The assets acquired by Mitterrand et Cie for FFr 45bn command a value of roughly FFr 150bn four years later. Of the seven nationalised industrial groups, only one made a profit in 1982; in 1985, only one is likely to have shown a loss. Rhône-Poulenc, the chemicals group, declared losses of FFr 787m for 1982 and last week reported profits of FFr 2.2bn for 1985.

The Socialists cannot claim all the credit for this reversal. Supported by annual productivity gains of almost 5 per cent, most of French industry – Renault and the steel sector are conspicuous exceptions – showed a surge in profitability under the Socialist administration. Michelin, which stayed in the private sector, lost FFr 4.2bn in 1982 and last Friday reported 1985 profits of FFr 1bn. On the bourse, the CAC General Index, established at the end of 1982 with a base value of 100, hit a new peak of 375.9 exactly a week ago.



The sharp rise in equity values is a mixed blessing for the right-wing administration of Mr Jacques Chirac, which has committed itself to a privatisation programme at least as ambitious as that undertaken by Mrs Thatcher. The Government's saleable assets, which include the big three commercial banks nationalised in 1945, could fetch as much as FFr 200bn in today's market. That is admittedly no more than a vague estimate as the accounts of French nationalised groups make the financial statements of their British counterparts look a model of clarity. But a more conservative figure would still represent a daunting challenge to an equity market which is capitalised at no more than FFr 500bn.

Nor is time on Mr Chirac's side. The administration's narrow majority in the National Assembly and the prospect of a presidential election two years from now hardly allow Mr Chirac the luxury of long-term planning. President Mitterrand is not surprisingly rather cool on the privatisation idea and has insisted that he will not permit the Government to denationalise by decree the banks and insurance companies brought under the state umbrella after the war.

The Government can pass enabling legislation through the National Assembly but that will take more time. Mr Chirac's advisors are privately expressing confidence that the first companies – possibly the Paribas and Suez investment banks – should be ready for launching in the autumn. But the financial markets are looking towards early next year. Mr Mitterrand has also maintained that the privatisation terms must be as generous to the state groups' present shareholder as the nationalisation terms were to the then shareholders. While the Paris market is not extravagantly priced – the historic p/e of 15 should fall to 11 or 12 on 1986 earnings – it does look vulnerable to a setback.

Takeover rumour is almost as rife in Paris as it is in London and the market has so far been buoyed up by foreign buying, which has evaporated at the first sign of trouble in other continental markets. Even allowing for the recent devaluation of the franc, inflation should run at an average rate of no more than 2½ per cent this year, while the trade account could reverse from a deficit of FFr 24bn to a surplus of the same order and GNP growth may accelerate to around 2½ per cent. But, however solid the economic bedrock, there is simply no way of telling how the Paris bourse will respond to new issue volume on the scale envisaged.

To make matters worse the trade union movement can be expected to mount a vigorous opposition, while the Government will be unable to replace the chief executives of the state-owned groups without Mr Mitterrand's blessing. Although the industrial companies are now sporting commercial balance sheets, the three big banks could not be privatised without a substantial injection of capital. Their free capital ratios are reckoned to be not much above 1 per cent, compared with an international norm of 4 to 5 per cent.

Equity bug

Yet the obstacles should not be insuperable. The effective abolition of exchange controls and the promise of a tax amnesty should produce a substantial flow of savings back into France ready for investment in the bourse. French investors have already got the equity bug – the proportion of household savings invested in securities has almost quadrupled to 30 per cent in the last eight years – and if the Government even comes close to its goal of eliminating all but the debt servicing element of the budget deficit over the next three years, the institutions will have room to weight their portfolios towards equities. The Government may provide incentives to encourage a shift from investment in debt – the French bond market is three times the size of the equity market – and in gold, of which the French population owns a handsome 5,000 tonnes or so.

The Government can be expected to retain a minority interest in the privatised groups – 33 per cent confers an effective right of veto – and to invite foreign investment in the market. Given that many state companies have already issued a bewildering array of non-voting paper, which can be converted into ordinary equity without much difficulty, the logistics of privatisation may not be quite as forbidding as they first appear.

In the case of Total, for example, the Government could surrender voting control simply by cancelling the double voting rights of its existing equity. No-one in Paris pretends that privatisation will be easy but as London has shown in the past five years, there is always a market for the right product at the right price.

SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Monday April 14 1986

INTERNATIONAL BONDS

Tone set by hopes of further discount rate cuts

BY CLARE PEARSON IN LONDON

"DISCO FEVER", loosely translatable as "growing investor speculation about further discount rate cuts," was the description given by one trader of the tone of the Eurobond market last week. In particular, on the back of the removal of the uncertainty ahead of the European Monetary System's realignment, the Ecu market enjoyed a bonanza week.

A period of frustration for Ecu investors thwarted by short-term interest rates of around 11 per cent, making bond holdings prohibitively costly to fund and borrowers dismayed by an absence of swaps, came to an end as the devaluation of the French franc allowed short-term rates to fall. The market surged ahead on a wave of "disinflationary euphoria", as one banker put it.

In the course of this, some traditions in Ecu Eurobond market practice were broken down, enhancing the increasing maturity of this sector.

Notably, the traditional informal calendar — effectively the "once a day is enough" rule — operated by the Belgian banks was sidestepped.

On Thursday Morgan Guaranty jumped the queue and followed the day's scheduled deal for Bacob Finance with an issue for the Republic of Ireland. Belgian banks were initially thought to be outraged and none joined the management group, but they were reported on Friday to be buying Ireland's bonds in significant volume.

On Friday the time-tabled issue for the Vienna bank Girozentrale was joined by an issue for Italy. Kredietbank, one of the operators of the Belgian informal cartel, featured as senior co-manager in this second transaction.

The 7 per cent yield, supposed to mark a resistance level in this market, was breached by Italy's zero coupon bond which with a 10-year life and a price of 32 giving a yield to maturity of below 7 per cent. The bond traded at a discount to issue price slight enough to maintain this situation. Meanwhile, demand was so strong that the issue was increased from by Ecu 100m to Ecu 400m nominal. Sanpaolo Bank ran the books with Merrill Lynch as co-lead.

The week's Ecu offerings highlighted the movement of the investment axis away from retail and towards institutional investors which has developed as larger and more liquid issues have been launched. The legendary Belgian dentist with his preference for household names has been an out-of-date stereotype in the Ecu market for some time. The fact that of the six issues only one, for Bacob, the Belgian savings bank, was obviously his cup of tea, testifies to his diminishing importance.

Bankers report growing interest in the Ecu secondary market among US institutions, which find the Ecu an easy route into currency diversification. Additionally, strong Far Eastern demand was reported for Italy's bond.

All of the week's Ecu issues were quoted at levels within their fees and most at around issue price. Meanwhile, in the secondary market, premium trading levels abounded. One banker described secondary trading as very speculative, as investors disregarded quality differentials in their rush to increase holdings.

Dealers expect this week to produce further primary activity but a calmer approach to seasoned issues, with a consolidation of the market at around the 7 per cent yield level.

The devaluation of their currencies within the European Monetary System ensured a buoyant week for French franc bonds, while those denominated in revalued currencies had a less exciting time. As against gains in prices of secondary French franc bonds of up to four points, D-Mark bonds added between a half and one point on the week.

Traders note underlying bullishness, and said that as Ecu coupons move down and hopes of a German discount rate cut improve, D-Mark bonds must be due for a rediscovery.

Strong demand from continental investors was reported for Australian dollar issues, and three German banks tapped the market. Of the week's new deals, only that for Avco Financial Services, which was launched without the guarantee of the US parent, seemed to flounder, being quoted on Friday outside its fees. Bankers report a scarcity of longer dated paper.

The market for dollar Eurobonds was buoyed for much of the week by a strong US treasury market and cheered on Friday by sluggish economic figures, enhancing expectations of a discount rate cut.

In the primary market, investors seemed to have developed discriminatory tastes in favour of sovereign paper such that almost a two-tier market has developed. While on Friday afternoon issues for Pepsico and General Electric were quoted at less 1¼ and less 2 respectively, those for Deutsche Siedlungs und Landesrentenbank, which is 99 per cent owned by the West German Government, was quoted at 100¼, against a par issue price.

The issue for Statoil, the Norwegian state oil company, the pricing of which was viewed as tight since the yield margin over US Treasuries at issue was only 3¼ basis points, was also welcomed by the market. The bond provided a coupon of only 7 per cent, with an issue price of 101 per cent.

The sterling market was boosted by a ½ point cut in bank base lending rates to 11 per cent on Tuesday, although it has since drifted on receding hopes of a further cut. Recent issues nevertheless improved during the week, so that yield margins over comparable gilts narrowed by up to 40 basis points. Of the week's three new deals, best performer was the partly-paid bond for Compagnie Bancaire, which, despite its 9 per cent coupon, was bid comfortably within fees on Friday afternoon.

Boustead deeper in the red after S$4m bad debt provision

BY CHRIS SHERWELL IN SINGAPORE

BOUSTEAD, the Singapore trading, engineering and transport company which is 54 per cent owned by Boustead of the UK, has recorded its fourth successive year of losses after a S$4m ($1.8m) debt provision.

The provision has been made to cover debts incurred after the collapse of a Singapore stockbroking firm.

Boustead's 1985 results confirm that the company is yet another casualty of the Singapore stockbroking crisis precipitated last November by the crash of Pan-Electric Industries, the marine salvage, property and hotel group.

The figures show a net loss of S$7.5m compared with S$247,000 in 1984 on a 15.1 per cent fall in turnover to S$105.5m. Extraordinary losses reddened the bottom line further to S$8.6m at the attributable level and the company passed a dividend.

The bad debt provision was made by Boustead Services, a 100 per cent owned subsidiary which includes investment among its activities. The broking firm is understood to be Associated Asian Securities, now under the management of the stock exchange but previously headed by Mr Peter Tham, who was also a director of Pan-Electric.

MAN and GHH merge

BY RUPERT CORNWELL IN BONN

MAN has formally sealed the merger with its parent company GHH, with the promise of a sustained upturn in its fortunes, thus completing a sweeping overhaul of West Germany's and Europe's biggest engineering group.

Shareholders of MAN, whose DM 430m ($183.9m) capital was previously 75 per cent owned by GHH, approved at a special meeting the seven-for-six exchange of shares in MAN for those of its parent. The new holding company for the reorganised group will be called MAN AG and will be based in Munich instead of the former GHH headquarters at Oberhausen in the Ruhr.

According to MAN's outgoing chief executive Mr Otto Voisard, orders in the first nine months of the company's year ending June 1986, were up 11 per cent

EURONOTES AND CREDITS

Quiet sighs of relief follow $300m Bank of Greece deal

BY ALEXANDER NICOLL IN LONDON

AFTER the economic traumas which led to austerity measures last year, Greece's return to the syndicated loan market has been nervously awaited by its key bankers.

When the terms on a $300m deal for the Bank of Greece emerged on Friday, however, there were quiet sighs of relief. Although such a deal is difficult to price when fears of a rescheduling of the country's $15bn foreign debt are still recent, the feeling among many bankers was that interest margins were fair.

The loan is for eight years with five years' grace and has a spread of ¾ point above London interbank offered rates (Libor) with a commitment fee of ⅜ point. Banks putting up $15m will have a management fee of ½ point. Citicorp is bookrunner with Arab Banking Corporation, Bank of Tokyo, Irving Trust and National Westminster.

The spread compares with ½ point, rising to ⅝ after three years, on a $450m eight-year loan raised for Greece a year ago. Even though banks will be subscribing now without much evidence that last year's efforts to cut the balance of payments deficit and inflation are actually working, they may welcome the chance to put higher-yielding assets on their books.

Most resistance is likely to come from Japanese banks. Some say they are already close to their limits for Greece and that they are not in any hurry to lend more given that the Bank of Greece, albeit a good name, is likely to be followed by lesser borrowers later in the year. By that stage, the economic picture may be clearer.

Meanwhile, Greece – which has not always been the easiest borrower for banks to deal with – will strive to bring long-term relationship banks into this deal.

The interest margin will, at any rate, be better than those on loans now in syndication for Hungary and the Soviet Foreign Trade Bank, although both of these are expected to meet no problems. The DM 1bn Soviet loan is on almost exactly the same terms as a successful $250m syndication earlier this year, with bankers' only reservation that it may not be so easy for them to fund a D-Mark commitment at sub-Libor rates as for a dollar-denominated loan.

Amid this revival of traditional syndicated loan business, a mandate for a large deal for Ireland, expected to be $300m to $500m, is still awaited. The borrower is being encouraged not to set super-aggressive terms, even though the finely priced $100m loan now in the market for its telecommunications concern is finding takers. There are also suggestions of an imminent loan for Aer Lingus.

A crop of British mandates emerged last week. A US subsidiary of Pilkington Brothers, the glass-maker, is arranging a $150m facility, of which $100m is to be underwritten, through J. Henry Schroder Wagg.

The maximum that the borrower will pay on the 10-year financing is 15 basis points over Libor, plus a facility fee of 10 basis points for the first half of the period rising to 12.5 for the remainder. There will be a tender panel including both underwriting banks and several dealers who will not be underwriters.

The tender panel structure is also being used for a £100m facility for Abbey Life to fund its entry, in an atmosphere of red-hot competition, into the UK home loan market. Samuel Montagu is arranging the eight-year extendable deal which will enable the borrower to receive short-term advances at a maximum of 25 basis points over Libor.

The third UK mandate was from the Littlewoods Organisation to Barclays for a £60m acceptances and advances tender panel facility.

In the Euro-commercial paper market, subsidiaries of Mitsui, the Japanese trading concern, have mandated two programmes totalling $300m. Citicorp and Nomura International will be dealers on a $200m total for a US subsidiary, and Chase Manhattan, Morgan Stanley, Nomura and Swiss Bank Corporation International will handle issues of up to $100m for a Dutch Mitsui unit.

EUROMARKET TURNOVER
Turnover ($m)

Primary Market	Straights	Conv	FRN	Other
US$	3,729.9	1.4	507.0	318.5
Prev	3,529.6	63.0	8.0	78.2
Other	2,498.2	–	21.5	84.4
Prev	2,348.0	–	303.5	180.5
Secondary Market				
US$	24,616.4	1,197.4	8,116.5	4,916.1
Prev	21,939.3	1,679.4	6,352.0	2,184.5
Other	11,310.7	188.0	1,157.7	3,038.5
Prev	9,062.1	180.0	1,154.4	2,268.9

	Cedel	Euroclear	Total
US$	13,948.8	29,454.4	43,403.2
Prev	10,832.8	24,401.2	35,234.0
Other	8,700.6	9,578.4	18,279.0
Prev	7,439.4	8,016.0	15,455.4

Week to April 10 1986 Source: AIBD

Boeing upgrades prop-fan venture

By Michael Donne in London

BOEING of the US, which is developing its new 7J7 twin-engined prop-fan airliner for service in 1992, has elevated this venture to the full status of a "division" within the company, headed by vice-president Mr James T. Johnson.

This is further evidence of the serious intent by Boeing to develop the revolutionary prop-fan venture.

Already Boeing has 600 engineers working on the 7J7.

INTERNATIONAL CAPITAL MARKETS

US MONEY AND CREDIT

Hopes of Fed easing spur Wall Street

THE FEDERAL RESERVE signalled its intentions last week—and then, as usual, kept the market guessing about when, and by how much, the discount rate would be cut.

The Fed actions, or rather lack of action, in the money markets finally convinced most investors and market economists that the US central bank was easing again.

After battering at the doors for weeks the Fed funds rate dropped decisively below the 7 per cent level—and stuck there apparently with the Fed's blessing. By the close on Friday the markets' question was when, not whether, the discount rate would be cut.

The absence of Fed open market activity to push the funds rate back above 7 per cent—as the central bank had done the previous week—convinced even the doubters that the central bank was easing monetary policy again.

As Philip Braverman of Irving Securities—who has been predicting an easing for weeks—says "the under 7 per cent Fed funds rate in recent days, and the absence of Fed efforts to force it higher, indicate the Fed has already adopted a lower funds rate objective, well under the 7½ per cent to 7¾ per cent range previously in place. With the funds rate under the discount rate, a discount rate should be considered imminent."

The collapse in the key overnight interbank rate triggered a sharp decline in other short-term interest rates. Treasury bill and money market rates plunged by between 20 and 50 basis points last week—resulting in a slight steepening in the yield curve. Treasury Bill rates ended the week below the 6 per cent level for the first time since 1977.

By Friday all money market rates were below 7 per cent prompting Dr Henry Kaufman, Salomon Brothers' chief economist to note "declines in money market rates over the past week make a compelling case for the Federal Reserve to reduce the discount rate to bring it into line with other rates."

The realisation that the decline in the funds rate below the 7 per cent level was not a technical accident triggered another bull rally in the bond markets. On Tuesday alone long bond prices jumped by 3 points as discount rate cut fever took hold.

Bond prices managed to move higher again on Wednesday and in extremely volatile trading on Thursday but the rally lost steam on Friday as dealers took profits and investors waited—in vain—for a discount rate cut.

At the close on Friday Treasury bond price gains had been trimmed to 3¾ points and the Treasury 30-year long bond was up 2¾ on the week at 122¼. At that price the long bond is yielding 7.37 per cent, its *lowest level for nine years.*

While the sharp decline in short-term interest rates and discount rate cut speculation were the primary factors moving the market last week, oil price moves continued to influence market mood.

The renewed slide in oil prices early in the week helped to spur the rally as reports of higher Soviet sales offset the impact of the Norwegian strike and apparently lower output by the Saudis.

Nervousness about the Middle East was one factor explaining the market's partial reversal on Friday. Another is that a discount rate cut has already been discounted by most bond market professionals. The only remaining uncertainties for the market are when and by how much, and it is these two issues that are currently sparking the fiercest debate.

Some market economists believe that the Fed would prefer not to take the initiative in the next round of global interest rate reductions, but may ultimately have no choice given West Germany's apparent reluctance to take the lead and Japan's internal debate.

Nevertheless the markets remain uncertain whether Mr Paul Volcker, Fed Chairman, and the *monetary authorities* are willing to take the lead ahead of the May Tokyo summit and, if they do, how bold they are prepared to be.

The Fed normally cuts the discount rate by half a percentage point increments. But there is a lively debate on Wall Street this time over whether the Fed *might step to a full point reduction*—as some consider justified by the sluggish economy and obvious strains in sectors of the US financial system—or hold to a quarter point reduction *signalling extreme caution.*

Many factors could influence both the timing and size, including the performance of the dollar and the latest numbers *on the economy—in particular* the preliminary first quarter GNP figures due on Thursday. Most Wall Street economists believe real GNP growth will *come in towards* the low end of a 2 to 3 per cent range.

Meantime the recent decline in money market rates has highlighted the unusually wide spread between the bank prime lending rate and bank funding costs. This, together with the obvious attractions of refinancing older high-coupon debt, helps explain the surge in corporate new issues.

According to Nancy Kimelman of Salomon Brothers, refinancing accounted for a "a whopping" 35 per cent of the record $35bn of new taxable bonds that new issues brought to market in the first quarter.

Perhaps even more impressively Dr Kaufman notes that during the past two weeks alone gross domestic corporate bond issues totalled nearly $13bn—which, if sustained, will mean April breaking the record set only last month.

The conclusion drawn by Dr Kaufman and others is that demand for short-term credit is weak and that even if the current prime rate was reduced in tandem with a discount rate cut, prime rates would remain at relatively lofty levels.

Paul Taylor

US MONEY MARKET RATES (%)

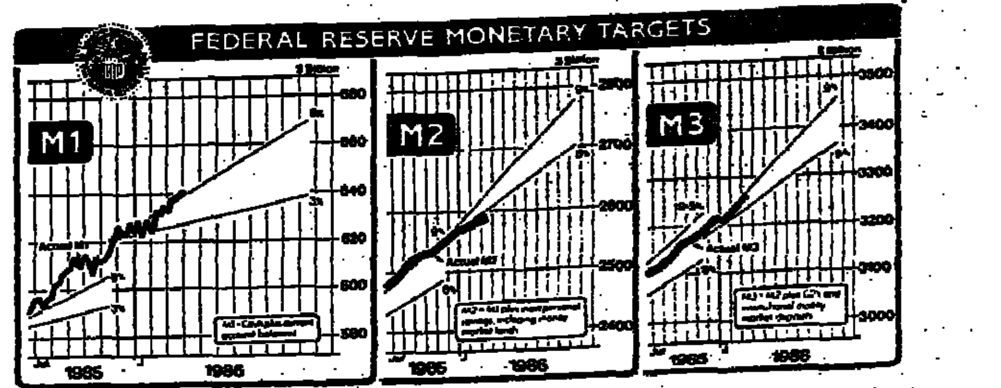
	Last Friday	1 week ago	4 wks ago	—12-month— High	Low
Fed Funds (weekly average)	6.97	7.48	7.56	9.91	6.97
Three-month Treasury bills	5.96	6.23	6.53	8.05	5.95
Six-month Treasury bills	6.01	6.22	6.56	8.29	6.01
Three-month prime CDs	6.55	7.02	7.16	7.65	6.55
30-day Commercial Paper	6.69	7.15	7.20	8.50	6.65
90-day Commercial Paper	6.60	6.96	7.10	8.56	6.50

US BOND PRICES AND YIELDS (%)

	Last Friday	Change on week	Yield	1 week ago	4 wks ago
Seven-year Treasury	101¾	+1¼	7.13	7.34	new
20-year Treasury	118⅛	+2½	7.48	7.69	8.13
30-year Treasury	122¼	+2¾	7.37	7.55	7.96
New 10-year "A" Financial	n/a	+0¾	8.40	8.50	8.60
New "AA" Long utility	n/a		8.86	8.88	9.00
New "AA" Long Industrial	n/a		8.76	8.78	8.96

Source: Salomon Bros (estimates).

Money Supply: In the week ended March 31 M1 rose by $900m to $640.1bn.



UK GILTS

Bank takes steps to hold rally in check

IF THE UK gilts market last week lacked the euphoria that it has shown on some recent occasions, it was still enthusiastic enough for the authorities *to apply a touch of the bridle.* Four £100m tranches, however, were a less ferocious signal than the one issued to the money markets on Thursday, when the Bank of England refused to buy bills and instead lent £155m at the penal rate of 11.75 per cent.

It was not enough to take the shine off the week. After gains of up to 2½ points on Tuesday, when bank base rates come down by half a percentage point to 11 per cent, the longs ended the week over 3 points higher. This was accomplished alongside a distinct flattening in the yield curve.

The FT Actuaries 25-year high coupon yield began the week at 9.10 per cent, 13 basis points below the 15-year yield and 30 below the 5 year. It ended at 8.87 per cent, just one basis point below the 15-year yield and one more below the 5 year.

Although the Chancellor was doubtless glad to be able to depart for last week's round of IMF meetings in Washington DC with another interest rate cut under his belt, the fear *remains* for the authorities that the financial markets are rushing forward indiscriminately in their haste to see single figure base rates again. Stockbroker Hoare Govett pins its forecasts to a base rate as low as 7.5 per cent by the end of 1986.

"When the markets are in that sort of mood the warning signals go up," commented one observer.

The markets, for their part, grumble about the difficulty of acting with the appropriate discrimination when the Government has consigned the most widely accepted monetary aggregate to purgatory to atone for its past erratic behaviour.

Serious students of monetary policy are unlikely to be satisfied with the Chancellor's speech on Wednesday, which may prove to be little more than a rewritten version of the Mansion House speech.

The difficulty of applying monetary analysis to the authorities' interest rate policies was shown up last week, when the publication on Wednesday of provisional money supply figures for the March banking month showed rapid growth in sterling M3 — outside the target range announced in the Budget, although Treasury semanticists argue that the range does not come into effect until next month.

Yet the Bank conceded a half point cut in base rates early on Tuesday, before the bad news was known, and rejected a further cut on Thursday, after the worse than expected figures were received without a murmur.

In fact, the disagreement between the authorities and the markets last week may prove to have been less over direction than over speed. There were good extenuating circumstances for the rate of £M3 growth — heavy company borrowing to take advantage of capital allowances, and underfunding of the Public Sector Borrowing Requirement because of the high level of gilt redemptions —and with the sterling effective exchange rate index above 76 there is still scope for the pound to depreciate without sacrificing the inflation gains of lower oil prices.

With three-month money market rates already discounting the next base rate cut, the authorities may have to apply the bridle again if things are to move at the pace they prefer. The bridle is less popular in the current bullish environment, however, than it was earlier in the year, when the Bank of England successfully resisted a plunge to higher base rates.

"The general view of the markets is that they ought to have their hands held when rates are going up, but they want to be left alone when rates are coming down," said one City analyst last week. "They are asymmetrical animals."

George Graham

FT/AIBD INTERNATIONAL BOND SERVICE

US DOLLAR STRAIGHTS	Issued	Price	Chg. on week	Yield
AMFC O/S Fin 11¾ 94	100	106	-⅛	10.57
AIDC 11 89	75	108¼	0	7.60
Amax Australia 8¾ 89	50	96½	+0⅛	9.09
Amer Savings 12 89	125	105⅛	+0⅛	9.63
Amer Savings 12⅜ 93	100	108⅝	+0⅛	9.65
Asian Dev Bk 11¼ 93	100	117⅛	+0⅜	8.49
Australia 11¾ 90	100	115¼	+1⅛	7.13
Australia 11⅝ 95	200	122⅜	+3⅛	7.98
Australia 11⅞ 98	100	127⅜	+1⅛	8.06
Austria 13⅝ 88	100	112⅜	+0⅛	7.49
Avon Fin 10⅛ 92	100	104⅝	+0⅛	9.34
Bk Nova Scotia 13¾ 87	100	108⅝	+0⅛	6.63
Bank of Tokyo 12⅞ 92	100	115⅛	+1⅛	8.85
Bank of Tokyo 13⅞ 91	100	124⅝	+1⅛	7.77
Bank of Tokyo 13½ 89	100	117⅛	+0⅛	7.84
BMW O/S Ents 10¾ 91	50	107⅛	+0⅛	8.66
BP Capital 11⅛ 92	150	111⅛	+0⅛	8.54
Br Col Hydro 11⅛ 88	150	107⅛	+1⅛	7.85
Br Col Hydro 12⅞ 14	200	128⅛	-1⅛	9.77
Br Col Hydro 12 13	250	125	+0⅛	9.35
Britoil Fin 11⅞ 93	125	108⅛	+1	9.44
Caisse Nat En 11⅛ 95	125	121⅛	+0⅛	8.17
Canada 10⅝ 88	500	106⅛	+0⅛	7.17
CBS Inc 11⅞ 92	100	107⅛	+1⅛	9.72
Carteret S & L 0 10	[illegible]	[illegible]	[illegible]	9.35
Chesebrough 12 93	100	108⅛	+0⅛	9.93
Chubu Elec Pwr 13⅛ 91	50	108	+1⅛	11.15
Citicorp O/S 10⅞ 90	100	104⅛	+0⅛	9.48
Citicorp O/S 11⅛ 90	100	106⅛	+0⅛	9.95
Citicorp O/S 11½ 92	100	107⅛	+0⅛	9.69
Citicorp 11⅞ 97	200	108⅛	+0⅛	10.42
Citicorp O/S 14 94	100	[illegible]	[illegible]	13.62
CNCA 11⅞ 92	125	115⅛	+1⅛	8.07
CNCA 13⅞ 91	100	121⅛	+0⅛	8.05
Comalco Int 12⅞ 96	100	108⅛	+0⅛	8.89
Coca-Cola 11⅛ 89	100	108⅛	+0⅛	7.34
Cp Fin de Paris 13⅞ 89	100	109⅛	+2⅛	10.51
Continental Grp 11⅛ 93	75	100⅛	+1	10.63
Creditanstalt 13⅛ 91	100	119⅛	+0⅛	8.19
Dai-Ichi Kangyo 12⅞ 90	100	113⅛	+0⅛	7.78
Denmark 10¾ 90	100	104⅛	+0⅛	9.57
Denmark 11⅛ 91	100	109⅛	+0⅛	8.32
Denmark 11⅞ 92	250	102⅛	-0⅛	12.20
Denmark 12 90	100	113⅛	+0⅛	7.98
Denmark 13 91	100	120⅛	+1⅛	12.52
Denmark 13 92	100	101⅛	+0⅛	8.13
Denmark 13⅛ 91	100	121⅛	+1	7.78
Denmark 13⅞ 89	100	112⅛	+1	10.56
Denmark 14 91	100	113⅛	+0⅛	8.02
Digital Equip 11⅛ 89	150	108⅛	+0⅛	9.62
Dutch St Mines 11⅞ 91	150	110⅛	+0⅛	7.92
Eksportfinans 11⅞ 92	100	115⅛	+0⅛	8.98
Eksportfinans 11⅛ 90	100	109	+0⅛	7.84
Elec de France 11⅞ 95	150	117⅛	+0⅛	7.27
Elec de France 12⅞ 97	150	107⅛	+0⅛	7.29
EEC 11 87	100	104⅛	+0⅛	7.48
EEC 11⅞ 90	100	111⅛	+0⅛	8.08
EEC 12 93	100	113⅛	+0⅛	8.15
Elf-Aquitaine 10⅞ 89	100	108⅛	+0⅛	7.72
Ericsson L M 10⅞ 88	100	[illegible]	[illegible]	7.67
Euro Inv Bk 11⅛ 91	100	111⅛	+1	8.65
Euro Inv Bk 12⅛ 90	200	113⅛	+0⅛	7.50
EDC 9⅞ 88	100	101⅛	+0⅛	7.85
EDC 10 88	125	104⅛	+0⅛	7.28
EDC 10⅞ 88	125	105⅛	+0⅛	7.12
EDC 11⅛ 89	100	108⅛	+0⅛	7.29
EDC 12 89	100	112⅛	+0⅛	7.54
EDC 13⅛ 87	100	108⅛	+0⅛	7.16
Fed Dept Store 11 90	100	110	+0⅞	7.84
Finland 11½ 88	100	106⅝	+0⅞	7.27
Finland 12⅝ 94	75	125	+0⅞	8.08
Finnish Export 12⅝ 87	75	107⅞	+0¼	7.47
Firstfed Mich 13⅞ 89	125	110⅜	+0½	9.39
Florida Fed 12⅛ 89	100	106⅝	+0¼	9.96
FNMA 11½ 91	300	111½	+0¼	8.76
Gen Elec Cred 0 96	600	45	+0¼	8.10
Gen Elec Cred 9¾ 91	100	104⅞	+0⅞	8.55
Gen Elec Cred 10⅛ 90	200	106⅝	+1⅛	9.54
Gen Elec Cred 11 91	200	106⅞	+0⅞	9.16
Gen Elec Cred 11½ 87	200	105⅛	+0⅜	10.66
Gen Elec Cred 12 94	200	113⅜	+1½	9.66
Gen Foods Cap 11½ 90	75	108⅛	+0⅛	8.94
General Mills B 12 91	100	118¾	-4⅛	7.78
GMAC 10 88	200	104⅛	+0⅛	7.27
Gen Motors Acc 10⅛ 90	200	105	+0⅞	8.87
Gen Motors Acc 11⅛ 90	100	108½	+1⅛	8.98
GMAC O/S Fin 15⅛ 87	100	103	+3¼	11.14
GTE Finance 12 96	75	103⅝	+0¼	11.37
Gulf Oil 10⅝ 94	100	101⅞	+0⅞	9.99
GZB 14 91	100	121⅞	+1⅛	8.60
Holl Air Fin 12⅞ 91	100	107⅞	+0⅛	10.21
Household Fin 11⅛ 92	100	110	+0⅞	9.28
IBM 9⅝ 88	200	104½	+0⅛	9.07
IBM (WTC) 10⅝ 89	300	105⅛	+0⅝	9.64
IBM Credit 11 89	100	108⅛	+0½	8.92
IC Industries 8⅞ 87	35	99⅞	+0⅛	8.82
IC Industries 12 90	75	109⅝	+0⅜	9.20
Inco 9 92	100	98⅛	+0⅛	9.35
Ind Bk Japan 10⅛ 92	100	109⅛	0	8.64
Ind Bk Japan 10⅞ 95	100	109⅝	0	9.20
Ind Bk Japan 11½ 89	125	109⅞	0	7.55
Ind Bk Japan 11⅞ 91	100	113	-0⅛	8.80
Int-Amer Dev 12⅞ 91	150	121	+1⅛	7.92
Int-Amer Dev 11⅞ 94	200	121⅜	+4⅛	8.26
Int Paper 12 91	75	106⅛	+0⅞	10.19
Int Stand Elec 0 97	112	38⅞	+1⅛	9.77
Int Stand Elec 12 96	75	108	+0⅞	10.65
ITT 11½ 89	125	107⅞	+0⅛	9.08
ITT Credit Corp 10½ 90	75	106⅝	+0⅜	8.64
Japan Airlines 12½ 94	70	115⅝	-2	9.71
Japan Dev Bk 10⅝ 92	50	110	+0⅛	8.41
Kellogg Co 10⅞ 90	100	107⅛	+0⅝	8.48
Kellogg Co 11⅞ 92	100	111⅛	+1⅛	8.64
Kimberly-Clark 12 94	100	122⅛	+0⅛	8.22
Kyowa Fin HK 12⅞ 90	100	115⅜	+1⅛	8.28
Long Term Cred 10⅜ 90	100	109⅞	+1⅛	7.85
Long Term Cred 11 90	100	110½	+1⅛	7.79
Long Term Cred 11⅞ 89	100	111⅛	+0⅛	7.52
Long Term Cred 12 93	100	121⅝	+1⅛	8.08
Macy R H 11⅛ 91	100	104⅛	+0⅛	10.54
Macy R H 11⅜ 95	100	104	+0⅜	11.00
Manitoba 14⅛ 91	150	127⅛	+0½	8.39
Marubeni 11⅜ 91	100	109⅝	-1⅛	9.22
McDonalds Fin 11⅝ 94	75	109⅛	+0⅛	9.84
Merrill Lynch 12⅞ 89	100	107⅛	+0⅜	10.08
Michelin 10 94	125	101⅛	+0⅛	9.76
Mitsubishi Co 10½ 92	100	107⅛	+0½	8.77
Mitsubishi Co 10⅝ 96	200	109⅛	+0⅜	9.01
Mitsubishi Co 12½ 91	100	119⅝	+1	7.68
Mitsubishi Est 11⅛ 88	50	106⅝	0	7.98
Mitsui Eng 7⅛ 88	50	113	+0½	1.95
Mitsui Fin Asia 12⅞ 92	100	114⅛	+0⅜	8.91
Mitsui Tst Fin 12 91	100	115⅝	+0⅛	7.98
Mobil Corp 10⅝ 90	200	103⅛	-1⅛	9.11
Montreal City 12½ 91	70	113⅛	+0⅛	8.93
Mgn Guaranty 12⅛ 89	150	111⅛	+1⅛	7.76
Morgan J P 11⅛ 92	100	109⅞	+0⅜	9.02
Mount Isa Fin 13⅛ 87	100	106½	+0⅛	8.04
Ned Gasunie 11⅛ 90	75	111⅛	+0⅛	8.03
Ned Gasunie 11⅛ 91	75	107⅛	-1⅛	9.34
N Eng Lf Mtg 11⅛ 96	149	116⅛	+2⅛	8.99
Newfoundland 13 91	75	115½	+0⅛	9.02
Nippon Crd Bk 13⅞ 89	100	116½	+1⅛	7.88
Nippon Tel Tel 11⅛ 90	100	113½	-0½	7.21
Nippon Tel Tel 12⅝ 91	100	120⅞	+1½	7.81
Nissho-Iwai 6½ 89	70	152	-4½	0.00
Nomura 6⅛ 88	100	299½	-2½	0.00
Nova Scotia 11⅜ 91	100	107⅝	+1½	9.87
Nova Scotia 11⅜ 98	100	114⅛	+0½	9.60
Oester Post 12⅞ 89	75	111⅛	+0½	7.91
Ohbayashi-Gumi 7⅜ 88	50	265	-9	0.00
Ontario Hydro 11⅞ 94	200	122⅛	+1⅛	7.74
Ontario Hydro 11⅜ 90	200	114⅛	+1⅛	7.89
Ontario 12½ 94	250	122⅛	+0⅛	8.79
Pacific Gas & El 12 00	75	117⅛	+3⅛	9.68
Penney J C 11⅞ 90	100	106⅛	-0⅛	10.01
Penney J C 12⅜ 91	100	113⅛	+0⅜	9.50
Philips Petrol 14 89	200	102⅛	+0⅛	13.04
Postipankki 11⅛ 90	75	107⅛	+0⅛	9.70
Post-Och Kred 13½ 87	50	108⅝	0	7.84
Privatbanken 12½ 85	100	118½	+0½	9.32
Prudential Ins 12⅜ 87	150	107½	+0⅝	7.25
Pru Rlty Secs 0 99	365	35⅛	+0⅜	8.48
Pru Rlty Secs 11⅞ 92	385	109	+0⅝	9.74
Pru Rlty Secs 12⅜ 95	545	116⅛	+1⅛	9.33
Quebec Prov 12⅛ 94	150	116⅛	+0⅝	9.18
Queensland Gvt 11⅜ 89	100	111⅜	+1½	7.69
RBC 11¾ 90	100	110	+1⅛	8.05
Rural Bk Aust 12 91	50	109	+0⅛	9.57
Sanwa Bank 11⅞ 92	150	116⅝	+1½	8.31
Saskatchewan 10⅞ 92	100	113¼	+0⅜	7.82
Saskatchewan 10¾ 90	125	110¾	+1	7.62
Saskatchewan 11⅞ 89	100	112⅛	+0⅜	7.89
Saskatchewan 15 92	150	132⅛	+0⅜	8.22
Saskatchewan 16 89	125	120⅞	+0⅜	7.74
Scot Intl Fin 14⅛ 96	50	120½	0	10.81
Sears O/S Fin 0 98	500	38½	+0⅜	8.57
Sears Roebuck 10½ 91	150	106⅝	+1	8.86
Sears Roebuck 11⅝ 91	150	115	+2⅛	7.75
Sec Pacific 12 92	100	116⅝	+1	8.31
Shearson/Amex 12⅜ 94	100	113¾	+1⅞	9.65
Shell (Canada) 14⅞ 92	125	116¼	+0⅜	10.61
Signal Comps 11¾ 92	125	111⅜	+1	9.17
Standard Oil 10½ 89	150	104⅝	+0⅜	8.66
Statoil 12 88	100	108½	-0⅛	7.30
Sumitomo Corp 10⅜ 92	100	0		
Sumitomo Fin 11¾ 92	150	116⅛	+1⅛	8.15
Sumitomo Fin 12¾ 91	150	119⅜	+0⅞	7.95
Sumitomo Trust 12½ 92	100	115⅝	+1⅛	9.05
Sweden 11½ 89	200	112⅛	+0⅜	7.56
Sweden 12⅛ 89	200	112⅞	+0⅜	7.52
Swedish Export 10⅜ 88	100	105⅝	+0½	9.74
Swedish Export 11½ 89	100	109⅝	+0½	7.59
Swedish Export 12⅞ 89	100	111⅝	+0⅜	8.79
Taiyo Kobe 11⅞ 90	100	112⅛	+0½	8.23
Taiyo Kobe 12 90	100	113⅝	+0⅜	8.34
Tenneco Corp 11½ 89	150	107⅜	+1	8.36
Texaco Capital 10½ 90	200	98	+0½	11.63
Texaco Capital 11⅛ 95	250	97⅛	+1⅛	11.62
Texaco Capital 13½ 89	200	106	+0⅜	11.54
Texas Instru 11⅞ 91	150	107⅜	+0⅞	9.90
Tokai Asia 12¼ 91	100	112⅞	+1⅛	8.92
Tokyo Elec Pr 13⅛ 89	100	113⅝	+0⅜	8.39
Tokyo Metrop 12⅞ 94	50	114	-5⅛	10.26
Toray Inds 11⅛ 92	50	108⅞	+1⅛	9.07
Toronto-Dom 12⅝ 89	60	110½	+3⅛	8.55
UBS 12⅛ 91	100	108½	-0⅞	10.07
Utd Tech 11⅞ 92	150	113⅜	+0⅞	8.15
Vebe 8 93	70	240	+26	0.00
West LB 11⅞ 90	100	112⅞	+1⅛	8.41
Westpac 12⅞ 92	100	116	+0⅜	8.96
Weyerhaeuser 11½ 90	60	105½	+0⅜	8.92
World Bk 11 92	300	115⅜	+0⅜	7.67
World Bk 11¼ 90	200	113½	+0½	7.59
World Bk 11⅜ 89	200	110	-0⅜	7.28
World Bk 12 93	200	121½	+1	8.62
World Bk 12⅞ 94	150	125½	+1⅞	8.02
World Bk 12⅞ 94	200	128	+0⅞	8.13
Yasuda Trust 12⅛ 89	100	112½	+0½	7.56

FLOATING RATE NOTES	Issued	Price	Chg. on week	C.cpn
African Dev Bk ¼ 96	100	100⅝	+0⅛	8⅛
Arab Bank Corp ⅛ 96	100	99⅛	0	7⅞
Banca Lavoro ¼ 91	100	100	0	8⅞
Banco di Roma ⅛ 89	150	100⅛	0	8⅛
Bnco di Roma ⅛ 92 CU	[illegible]	[illegible]	[illegible]	[illegible]
Bankers Tr NY ⅛ 94	200	100⅛	0	7⅞
Bank of Greece ⅛ 94	150	97⅛	0	8⅞
Bk Montreal ⅛ 94 £	100	100⅞	+0⅛	11⅞
Bqe Nat Paris ⅛ 88	400	100⅛	-0⅛	8⅞
Bqe Nat Paris ⅛ 95	400	101⅛	+0⅛	8⅛
Bqe Nat Paris ⅛ 96	250	100⅛	0	8⅛
Barclays O/S ⅛†	600	100⅛	-0⅛	8⅛
BBL ⅛ 95	100	100⅛	0	8⅛
BBL ⅛ 99	100	100⅛	0	8⅛
BCI ⅛ 96	300	100⅛	+0⅛	8⅛
BFCE ⅛ 97	400	99⅛	-0⅛	8⅛
BFCE ⅛ 99	500	100⅛	+0⅛	7⅞
Belgium ⅛ 04	400	100	0	8⅛
CCCE ⅛ 05	200	100⅛	0	8⅛
CEPME ⅛ 98 £	100	100⅝	+0⅛	11½
Ch Manhattan ⅛ 09	400	100	0	8
Chemical NY ⅛ 99	300	99⅞	0	7⅞
Citicorp O/S ⅛ 91 £	100	99½	0	12⅛
Citicorp O/S ⅛ 96	250	99⅛	+0⅛	7⅞
Citicorp Psn Pan ⅛ 97	250	100	0	8⅛
Commerzbank ⅛ 89	150	100⅛	0	8⅛
Creditanstalt ⅛ 95	150	100⅛	0	8
Credit Foncier ⅛ 00 £	100	100⅛	0	10⅛
Credit Lyonnais ⅛ 96	300	100⅛	0	8⅛
Credit Lyonnais ⅛ 99	250	100⅛	0	8⅛
Credit Lyonnais ⅛ 00	300	100⅛	+0⅛	8⅛
Credit National ⅛ 95 £	100	99⅞	+0⅛	11⅞
Dai-Ichi Kangyo ⅛ 96	150	100⅛	+0⅛	8⅛
Den Danske Bank ⅛ 89	30	100	0	8⅛
Denmark ⅛ 90	500	100⅛	0	8⅛
Denmark ⅛ 95	250	110⅛	+1⅛	10
Eldorado Nuke 89	100	100⅛	+0⅛	8
Elec de France ⅛ 99	400	101⅛	+0⅛	8⅛
ENEL ⅛ 93 £	100	100⅛	+0	11⅞
Exterior Int ⅛ 96	125	100⅛	+0⅛	8⅛
Ferro del Stat ⅛ 88	100	100⅛	0	8⅛
Ferro del Stat 97	420	99⅛	0	8⅛
Fiat Fin Corp 8⅛ 91	100	99⅞	0	8⅛
First Chicago ⅛ 94	100	99⅛	-0⅛	8⅛
First Chicago ⅛ 97	200	98½	+0⅛	8⅛
Ford Motor Cr ⅛ 91	200	99⅞	+0⅛	8⅛
GW O/S Fin ⅛ 94	100	99⅛	0	7⅞
Grindlays ⅛ 94	100	100⅛	0	8⅛
Interfirst Tex ⅛ 89	100	92	+0½	8⅛
Ireland ⅛ 88	50	100	0	8½
Ireland ⅛ 93 £	50	100⅛	0	13⅛
Ireland ⅛ 94	300	100⅛	0	8⅛
Ireland ⅛ 96 £	100	100⅛	0	12⅛
Ireland ⅛ 97	300	100⅛	+0⅛	8⅛
Ireland ⅛ 99	300	100⅛	+0⅛	7⅞
Italy ½ 94	1bn	100	0	8⅛
Italy ⅛ 05	500	99⅞	0	7⅞
Kleinwort Benson ⅛ 96	100	100⅛	0	7⅞
Korea Dev Bk ⅛ 00	100	98⅛	0	8½
Lincoln S & L ⅛ 99	100	99⅞	0	8⅛
Malaysia ⅛ 93	500	100	0	8⅛
Malaysia ⅛ 94	600	98⅝	+0⅛	8⅛
Man Hanover ⅛ 94 £	75			12⅛
Marine Midland ⅛ 94	125	100	0	7⅞
Marine Midland ⅛ 96	125	99⅞	+0⅛	7⅞
Marine Midland ⅛ 09	150	100	0	7⅞
Mellon Bank ⅛ 96	250	100⅛	0	8⅛
Midland Intl ⅛ 99	200	100⅛	+0⅛	7⅞
Mitsui Fin ⅛ 96	100	100⅛	0	7⅞
Morgan Grenfell ⅛ 94	50	99⅛	0	8⅛
Mtg Intermed ⅛ 10 £	60	100⅛	0	12
Nat Bank Canada ⅛ 91	50	100⅛	0	8⅛
NatWest ⅛ 05	400	100⅛	0	8⅛
NatWest Fin ⅛†	300	100⅛	-0⅛	8⅛
Neste Oy ⅛ 94	100	100⅞	0	8⅛
New Zealand ⅛ 87	350			8½
NZ Steel Corp ⅛ 92	225	100⅛	0	8⅛
Offshore Min ⅛ 91	150	100⅛	0	8⅛
Oster Ln Bank ⅛ 99	100	99⅞	0	8⅛
Portugal ⅛ 92	100	100	0	7⅞
Queensland Coal ⅛ 96	355	100⅛	0	8⅛
Renfe ⅛ 91	100	100⅛	+0⅛	7⅞
Sanwa Intl Fin ⅛ 92	150	100⅛	+0⅛	8⅛
SEAT ⅛ 93	100	100⅞	0	8⅛
Security Pac ⅛ 97	250	99	-0⅛	7⅞
Shawmut Corp ⅛ 97	50	99⅛	0	8⅛
SNCF ⅛ 93 £	75	100⅞	0	13⅛
Soc Generale ⅛ 97	400	100⅛	+0⅛	7⅞
Soc Generale ⅛ 94	250	100⅛	+0⅛	7⅞
Spain ⅛ 99	500	100⅛	0	8⅛
Spain ⅛ 97	250	100⅛	+0⅛	8⅛
Standard Chart ⅛ 94	200	100⅛	+0⅛	8⅛
State Bk India ⅛ 87	30	100	0	8⅛
Sumitomo Trust ⅛ 94	100	100⅛	+0⅛	8⅛
Sweden ⅛ 99	500	100	0	8⅛
Sweden 90	700	99⅞	0	7⅞
Swedish Ex Cred ⅛ 92	125	109	0	10
Thailand ⅛ 05	60	98⅛	0	7⅞
Tokai Asia ⅛ 99	150	100⅛	+0⅛	8⅛
Toyo Trust Asia ⅛ 99	100	100⅞	0	8⅛
UBAF ⅛ 90	65	99⅛	0	8⅛
Union Bank-Norw ⅛ 99	50	99	0	8⅛
United Kingdom 92	2.5bn	100⅛	+0⅛	7⅞
Wells Fargo ⅛ 96	50	98⅛	+0⅛	7⅞
Wells Fargo MM ⅛ 96	50	99	0	7⅞
Yorkshire Int ⅛ 94 £	75	100⅛	+0⅛	11⅛

CONVERTIBLE BONDS	Issued	Price	Chg. on week	Prem.
Ajinomoto 3 99	120	197⅞	+1½	3.38
Best Denki 5⅞ 97	15	257⅞	+13⅛	-3.58
Canon 7 97	50	247	-18⅛	-0.24
Daiwa Secs 5½ 98	80	405⅛	+48⅞	2.53
Dev Bank Sing 5½ 98	70	75	+1	64.85
Elders 11⅛ 94	160	139⅜	+19⅜	-2.97
Elektrowatt 5 98	51	145⅛	+4⅞	-4.27
Fujitsu 3 99	180	115½	-8⅛	1.43
Intec Inc 3 99	50	167	+7⅛	0.78
Kyowa Hakko 6⅛ 97	40	307½	+7⅞	3.38
LASMO 9⅛ 99	44	86⅛	+0⅛	80.23
Moet-Hennessy 7 99	50	189½	+23⅛	-98.70
Murata Mfg 3½ 00	100	144⅛	-8⅛	17.58
Nippon Oil 3⅛ 99	50	126⅛	+7⅛	8.78
Ono Pharm 3⅛ 98	60	185⅛	+13½	-2.17
Soc Gen Surv 4½ 94	50	175⅛	+5	-4.04
Sumitomo Corp 2⅞ 99	70	181⅛	+3⅛	2.69
Texaco Capital 11⅞ 94	1bn	102⅞	+0⅞	67.28
Texaco Capital 11⅛ 94	500	103	+0⅛	67.48
Tsumura Jntndo 5⅛ 96	30	142⅛	+2	-1.92
Yamaichi Sec 3⅛ 95	20	269	+43	12.72

YEN STRAIGHTS	Issued	Price	Chg. on week	Yield
Asian Dev Bk 7⅛ 94	15	108⅛	+0⅛	8.04
Avon Products 6⅞ 91	25	100	+0½	6.74
Denmark 6⅝ 92	20	103⅛	+0⅞	6.56
Dow Chemical 7 94	50	102⅛	+0⅛	6.64
EDF 6⅞ 95	20	106⅛	+0⅛	5.92
Eurofima 7⅛ 94	10	106⅛	+0⅛	6.37
Eurofima 6⅝ 92	10	103⅛	+0⅛	5.97
FNMA 6⅛ 92	50	103½	0	6.14
GMAC 6½ 90	25	102⅛	+0⅞	5.32
Intel 6⅝ 92	12.5	97⅞	+0⅛	7.08
Int-Amer Dev 7⅝ 93	15	104⅛	+0⅛	7.06
ITT 6⅝ 92	20	101⅞	0	6.51
McDonald Corp 6⅝ 92	25	102	+0⅛	6.07
New Zealand 7⅛ 90	15	105½	+0⅛	5.78
New Zealand 7⅛ 89	15	105½	-0⅛	5.71
Pacific Gas & Elec 7 94	20	102½	0	6.59
Penney J C 6⅞ 92	25	102⅞	+0⅛	6.30
Procter 6⅞ 92	25	103	+0⅛	6.00
Sallie Mae 6⅞ 92	25	102⅞	+0⅛	6.02
TRW 7 94	15	102⅞	+0⅛	6.68
Utd Technology 6⅞ 92	25	102⅞	+0⅛	6.01
World Bank 7 94	20	107⅛	+0⅛	5.62
World Bank 7⅞ 93	20	110⅛	+1	5.89
World Bank 8 93	20	111⅛	0	5.90

LUXFR STRAIGHTS	Issued	Price	Chg. on week	Yield
ASEA 9⅞ 89	600	101⅞	+0⅛	9.10
Eurofima 10 94	800	105⅞	-0⅛	8.97
E Coal & Steel 10⅛ 94	1bn	105⅛	0	9.47
Euro Invest Bk 10½ 94	1bn	108⅛	0	8.95
World Bank 10⅛ 88	1bn	105⅛	0	8.28

GUILDER STRAIGHTS	Issued	Price	Chg. on week	Yield
ABN 8 89	200	104⅛	-0⅛	6.06
ABN 7⅛ 88	150	105⅞	-0⅛	5.89
Amro Bk 7⅛ 89	150	103	+0⅛	6.29
Amro Bk 8 89	200	104⅛	+0⅛	6.22
Bk Mees & Hope 8⅛ 89	100	104⅞	-0⅛	6.34
Beatrice Foods 8⅛ 89	100	104	+0⅛	6.82
C C Rabo 8 89	150	104⅛	-0⅛	6.22
Denmark 9½ 91	100	108⅛	+0⅛	6.51
Int Stand Elec 8⅞ 89	100	104⅛	-0⅛	5.74
New Zealand 8⅛ 89	100	106⅛	-0⅛	6.36

CANADIAN DOLLAR STRAIGHTS	Issued	Price	Chg. on week	Yield
Amex 12⅞ 91	50	106½	+0⅛	10.87
Aust Resources 11⅛ 92	50	107⅛	-0⅛	9.89
Bk of Tokyo 10⅞ 92	75	102⅛	+1⅛	10.30
Bqe l'Indosuez 14 91	75	113⅛	+0⅛	10.60
Br Col Munic 12⅛ 91	100	110⅞	+0⅛	9.63
Br Col Munic 13⅛ 91	100	113½	+0½	10.03
Br Col Tele 12⅛ 89	70	108	+0⅛	11.33
Farm Cred Corp 12⅞ 90	75	109⅞	0	9.40
Kredietbank 12 92	75	106⅞	+0⅛	10.34
Long Term Cred 11⅛ 90	75	106⅞	+0⅛	9.45
Montreal City 12⅛ 91	50	112	+1⅛	9.17
New Brunswick 12 95	75	113⅞	+2⅞	9.70
Nova Scotia 11⅛ 95	100	111⅛	+2⅛	9.65
Quebec Hydro 14 91	75	107½	+1½	11.95

ECU STRAIGHTS	Issued	Price	Chg. on week	Yield
ABN 9½ 92	100	110⅛	+1⅛	7.30
Australia & NZ 10⅛ 91	50	104⅛	-0⅛	9.66
Austria 10⅞ 93	100	115⅞	+2⅛	7.53
BFCE 9⅛ 92	100	113	+2⅞	6.94
Cred National 10⅛ 94	50	115⅛	+3	7.02
Cred National 11½ 91	50	106⅛	+0⅛	9.56
Denmark 10⅞ 91	75	107⅛	+1⅛	9.72
Ebco Int 10⅞ 89	55	103⅛	+0⅛	9.44
EEC 11 93	50	104⅛	-0⅞	10.08
EEC 11⅛ 91	50	107½	0	9.34
EEC 11⅛ 93	70	106⅛	0	9.90
Euro Coal & Steel 6 94	60	121	0	9.00
Euro Invest Bk 9⅛ 95	200	104½	0	8.52
Euro Invest Bk 10⅛ 94	130	115⅛	+3⅛	7.39
Euro Invest Bk 10⅛ 89	50	107½	+2⅛	7.51
Euro Invest Bk 10⅛ 94	100	113½	+1⅛	8.23
Euro Invest Bk 11⅛ 92	75	113½	+3½	8.25
Euro Invest Bk 11⅛ 93	50	108⅛	+0⅛	9.82
Euro Invest Bk 11⅛ 96	50	114⅛	-0⅛	8.92
Gen Finance 11 90	70	105½	-0⅛	9.40
Giro Vienna 10½ 93	60	113⅞	+2½	7.89
GTE Finance 10⅞ 92	50	109⅛	+0⅛	8.82
Ireland 10⅛ 95	50	106	+0⅛	9.21
Italian Govt 10½ 92	500	113	+3	7.88
Italian Treas 11½ 90	60	113	+3	7.94
Kredietbank L 9⅞ 92	75	109⅛	+1⅛	7.26
Megal Finance 11⅛ 94	100	110⅛	+0½	9.40
Nippon Cred Bk 11 91	50	108⅞	0	8.97
Nordic Inv 6 94	50	118	0	9.26
Post Och Kred 10⅞ 92	50	105½	-0½	9.85
Royal Bk Can 10 5 89	85	104⅛	0	8.66
SNCI 10⅞ 94	60	106⅛	-0⅛	9.30
Swedish Export 11 89	57	103⅞	+0⅛	9.50
West LB 10⅞ 91	50	103⅞	+0⅛	9.80
World Bank 10⅛ 88	100	107⅛	+1⅛	7.19

AUSTRALIAN DOLLAR STRAIGHTS	Issued	Price	Chg. on week	Yield
Nat Aust Bk 12½ 89	40	97⅛	+0⅞	13.73
PIBA 12⅛ 89	50	96⅛	+0⅛	14.45
State Bk NSW 12⅞ 89	40	97⅛	+0⅞	13.26
Woolworths 14⅛ 88	25	101	0	13.66

STERLING STRAIGHTS	Issued	Price	Chg. on week	Yield
BAT Intnl 10⅛ 91	100	105⅞	+1	9.51
Denmark 10⅛ 89	75	102⅞	-0⅞	9.64
EEC 11⅛ 94	50	110⅞	+1	9.34
Europarat 11½ 92	50	111	+0⅛	8.91
Euro Invest Bk 10⅛ 92	50	107⅞	+1⅛	8.95
Finland 11⅞ 88	50	102	+0⅞	10.35
Grand Met Fin 10⅞ 90	60	102⅞	+1	10.01
Int-Amer Dev 11⅛ 91	60	107⅛	+1⅛	9.35
Int Stand Elec 11⅛ 89	50	102⅛	+0⅛	10.06
Inv In Indust 11½ 91	50	105	+1	10.26
Ireland 11⅛ 94	50	109⅛	+4⅛	9.60
New Zealand 10⅞ 89	100	102½	+0⅞	9.78
SNCF 11⅛ 94	60	110⅛	+1⅛	9.34
World Bank 10⅞ 89	100	103½	+1⅛	9.24
World Bank 10⅞ 89	50	103⅛	+1⅛	9.38
World Bank 11 94	50	112⅛	+1⅛	8.90

EQUITY WARRANTS	Expiry date	Price	Chg. on week	Prem.
Bank Leu Int	30/8/88	121	-6	13.53
Ciba-Geigy Int £	1/11/93	534⅛	+1	0.64
Credit Suisse	31/5/88	90⅛	-2	-36.95
Casio Computer	6/3/89	64	0	-23.23
Fujikura	28/4/89	45	0	-7.20
IC Industries	15/6/88	39⅛	-0⅛	1.73
Kayaba Industry	15/2/89	0		
Minebea	20/2/89	0		
Mitsubishi Co	7/11/88	0		
Mitsui Eng & Ship	10/12/87	0		
Nissho Iwai	1/2/89	73	0	-24.70
Phillips Gloeilampo	15/7/88	0		
Swiss Bank Con	20/12/88	136½	-1⅛	7.91
Toray Ind	5/3/87	0		
Union Bk Switz A	30/11/89	18⅛	+0⅛	27.22

BOND WARRANTS	Expiry date	Price	Chg. on week	Ex. yield
Aegon Ins 11⅛ 91	15/2/88	111	+13	8.94
Coca Cola 11⅛ 91	29/11/88	125⅛	+22⅛	8.01
Dai-Ichi K 6½ 96 B	1/1/96	30⅛	+3	8.08
Du Pont 13⅛ 89	25/8/86	133⅛	+21⅛	9.27
Eksportfinans 13⅛ 89	15/8/87	145	+15	2.73
Gen Elec 12⅛ 91	7/8/87	131	+16⅛	2.30
Ind Bk Jpn 12⅞ 91	5/10/89	181	+17½	6.83
ITT Finance Corp	15/11/89	202½	+27½	0.00
McDnlds 11⅛ 94	5/1/89	130	+10	9.19
Oester Lnbk 13½ 89	9/8/87	142½	+15½	2.44
Texaco Cap 12⅞ 92	1/9/87	95	+20	5.52
Trnto Dom 12⅛ 91	5/4/88	167½	+23	3.60

STRAIGHT BONDS: Yield to redemption of the mid-price. Amount issued is expressed in millions of currency units except for yen bonds, where it is in billions.

FLOATING RATE NOTES: US dollars unless indicated. Margin above six-month offered rate (‡ three-month; § above mean rate) for US dollars. C.cpn=current coupon.

CONVERTIBLE BONDS: US dollars unless indicated. Prem=percentage premium of the current effective price of buying shares via the bond over the most recent share price.

WARRANTS: Equity warrant prem=exercise premium over current share price. Bond warrant ex yld=exercise yield at current warrant price.

‡ Perpetual.

Closing prices on April 11.

This announcement is under no circumstances to be construed as an offer to sell or as a solicitation of an offer to buy any of these securities. The offering is made only by the Prospectus.

April 1986

15,000,000 Shares

KLM

KLM Royal Dutch Airlines

(Koninklijke Luchtvaart Maatschappij N.V.)

(A Netherlands Corporation)

Common Shares

(20 Dutch Guilders Par Value)

Merrill Lynch Capital Markets **Algemene Bank Nederland N.V.**

Copies of the Prospectus may be obtained in any State in which this announcement is circulated from only such of the undersigned or other dealers or brokers as may lawfully offer these securities in such State.

8,150,000 Shares

The above shares were underwritten by the following group of International Underwriters.

Algemene Bank Nederland N.V. — Merrill Lynch Capital Markets
Pierson, Heldring & Pierson N.V. — Credit Suisse First Boston Limited
Nomura International Limited — Smith Barney, Harris Upham & Co. Incorporated

Bank Brussel Lambert N.V. — Bank Mees & Hope NV — Banque Paribas Capital Markets Limited
Baring Brothers & Co., Limited — Crédit Lyonnais — Deutsche Bank Capital Markets Limited
Dresdner Bank Aktiengesellschaft — EBC Amro Bank Limited — Kredietbank N.V. — Morgan Grenfell & Co. Limited
Nederlandsche Middenstandsbank nv — Rabobank Nederland — Société Générale
Union Bank of Switzerland (Securities) Limited — S. G. Warburg & Co. Ltd. — Wood Gundy Inc.

Banca Commerciale Italiana — Banca del Gottardo — Bank Cantrade AG Zuerich
Bank Julius Baer & Co Ltd. — Bank Leu International Ltd
Bank Leumi Le-Israel (Switzerland), Zuerich — Banque Générale du Luxembourg S.A.
Banque Indosuez — Banque Nationale de Paris — Barclays Merchant Bank Limited
Bayerische Landesbank Girozentrale — Bayerische Vereinsbank Aktiengesellschaft — Joh. Berenberg, Gossler & Co.
Bergen Bank A/S — Berliner Handels- und Frankfurter Bank — Cazenove & Co.
Commerzbank Aktiengesellschaft — Compagnie de Banque et d'Investissements, CBI
County Securities Limited — Crédit Commercial de France — Crédit du Nord — Darier & Cie
Delbrueck und Co — Deutsche Girozentrale -Deutsche Kommunalbank- — Dewaay, Sebille, Servais and Cie.
Enskilda Securities Skandinaviska Enskilda Limited — Robert Fleming and Co Limited — Generale Bank
Girozentrale und Bank der Oesterreichischen Sparkassen Aktiengesellschaft — HandelsBank N. W. (Overseas) Limited
Hessische Landesbank — Girozentrale — — Hoare Govett Limited — Hill Samuel & Co. Limited
Kuwait Foreign Trading Contracting & Investment Co. (S.A.K.) — Lloyds Merchant Bank Limited
Merck, Finck & Co. — Samuel Montagu & Co. Limited — NBK Finance SA
Norddeutsche Landesbank Girozentrale — Sal. Oppenheim jr. & Cie.
Österreichische Länderbank Aktiengesellschaft — Privatbanken A/S
J. Henry Schroder Wagg & Co. Limited — Sumitomo Trust International Limited
Svenska Handelsbanken Group — Swiss Cantonalbanks — Swiss Volksbank
Trinkaus & Burkhardt KGaA, Duesseldorf — Vereins- und Westbank Aktiengesellschaft
Westdeutsche Landesbank Girozentrale — Wood Mackenzie & Co. Ltd.

6,850,000 Shares

The above shares were underwritten by the following group of U.S. Underwriters.

Merrill Lynch Capital Markets
Smith Barney, Harris Upham & Co. Incorporated
Algemene Bank Nederland N.V.
Pierson, Heldring & Pierson N. V.

Bear, Stearns & Co. Inc. — The First Boston Corporation — Alex. Brown & Sons Incorporated
Dillon, Read & Co. Inc. — Donaldson, Lufkin & Jenrette Securities Corporation — Goldman, Sachs & Co.
Hambrecht & Quist Incorporated — E. F. Hutton & Company Inc. — Kidder, Peabody & Co. Incorporated
Lazard Frères & Co. — Montgomery Securities — Morgan Stanley & Co. Incorporated
PaineWebber Incorporated — Prudential-Bache Securities — Robertson, Colman & Stephens
L. F. Rothschild, Unterberg, Towbin, Inc. — Salomon Brothers Inc
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First Albany Corporation — First Manhattan Co. — Furman Selz Mager Dietz & Birney Incorporated
Gruntal & Co., Incorporated — J. J. B. Hilliard, W. L. Lyons, Inc.
Howard, Weil, Labouisse, Friedrichs Incorporated — Interstate Securities Corporation
Jesup & Lamont Securities Co., Inc. — Johnson, Lane, Space, Smith & Co., Inc.
Johnston, Lemon & Co. Incorporated — Josephthal & Co. Incorporated — McKinley Square, Allsopp Securities Inc.
The Milwaukee Company — Morgan, Keegan & Company, Inc. — The Ohio Company
Parker/Hunter Incorporated — Rauscher Pierce Refsnes, Inc. — Raymond, James & Associates, Inc.
Reinheimer Nordberg Inc. — Richardson Greenshields Securities Inc.
Underwood, Neuhaus & Co. Incorporated — Wedbush, Noble, Cooke, Inc. — Cantor, Fitzgerald & Co., Inc.
D. A. Davidson & Co. Incorporated — Doft & Co., Inc. — First Affiliated Securities, Inc.
Fox-Pitt, Kelton Inc. — Keane Securities Co., Inc. — Laidlaw Adams & Peck Inc.
Philips, Appel & Walden, Inc. — Scott & Stringfellow, Inc. — Smith, Moore & Co.
Swergold, Chefitz & Sinsabaugh, Inc. — Van Kasper & Company — Edward A. Viner & Co., Inc.

INTL CAPITAL MARKETS AND COMPANIES

Simmons raises bid for Sea-Land

By Our New York Correspondent

MR HAROLD SIMMONS, the Dallas-based businessman who has been seeking control of Sea-Land, the US container shipping group, for nine months, has raised his bid for the Sea-Land shares he does not already own by $1 a share to $26 a share in cash.

Sea-Land, which has rejected Mr Simmons, earlier approaches, said it would consider the latest bid. Mr Simmons already controls 39.3 per cent of the stock. If accepted the latest offer would cost his investment group at least $364m.

Sea-Land's board would also have to waive a "poison pill" provision allowing shareholders other than Mr Simmons to acquire stock at half price. That provision goes into effect if a hostile bidder gains more than a 40 per cent stake in the group.

Last year Mr Simmons offered $25 a share or about $580m in cash for the group. After he built up his holding to its current level the group reached an agreement with him aimed at avoiding a proxy battle. Under that agreement Sea-Land agreed to nominate Mr Simmons and two others to its board.

For 1985 Sea-Land, which operates one of the largest US container ship fleets, reported sharply lower net earnings of $14.2m on revenues of $1.63bn compared with net earnings of $80.5m on revenues of $1.76bn *the previous year.*

InterFirst cuts payout as oil slump hits customers

BY PAUL TAYLOR IN NEW YORK

INTERFIRST, the Dallas-based banking group, proposes to cut its quarterly dividend to 2.5 cents a share from 15 cents. The group, which also announced an 86 per cent decline in first quarter net earnings, said the dividend reduction was a "prudent" step which would help *preserve the group's* capital base.

If the dividend cut is approved by InterFirst's board later this month it will be the second reduction in the shareholder payout by the nation's 19th largest bank in two years. The dividend was halved in 1983 when the group posted a $172m net loss. The latest more indicates the serious problems faced by banks in the deeply depressed Texas market.

InterFirst said that its first quarter net earnings plunged to $2.1m or 3 cents a share from $15.1m or 23 cents a share a year ago. The group blamed the earnings reduction on the *severe decline in oil prices* and the impact of the energy slump on many of its customers.

The banking group said its provision for loan losses in the latest quarter was $52.2m and net loan charge offs totalled $42.2m, resulting in an end-quarter reserve for possible loan losses of $265m or 1.85 per cent of total loans, up from $255m or 1.69 per cent of total loans at the end of 1985.

InterFirst also noted that as a result of a further deterioration in the quality of sections of its loan portfolio, its non-performing assets jumped to $799m or 5.49 per cent of outstanding loans at the end of March, up *from $742m or 4.87 per cent* a year ago.

The group added that because of the high degree of uncertainty regarding future oil prices, it had evaluated its oil and gas loan portfolio loss reserves on the basis of an average crude oil price of $14.50-a-barrel this year and $16.50-a-barrel in 1986 to 1988.

Belgian holding groups to link

BY OUR FINANCIAL STAFF

TRACTIONEL, the Belgian energy, property, chemical and foods holding company, is to push through its planned merger with Electrobel via an 11 for 4 share swap.

After the deal, proposals for which were first mooted last December, capital of the enlarged group would be BFr 15bn ($316m). The merger has to be ratified by both sets of shareholders.

The two companies, both major Belgian holding groups, have a combined portfolio value of around BFr 56bn.

For 1985 Tractionel made a net profit of BFr 2.35bn while earnings at Electrobel totalled BFr 2.26bn. The comparative numbers for 1984 were BFr 1.76bn and BFr 2bn respectively.

Sofina, another Belgian Investment holding company, said net profit rose 44 per cent for last year to BFr 1.57bn. Revenue rose 25 per cent to BFr 2.07bn from BFr 1.65bn partly on an increase in capital gains.

The capital gains stemmed from the sale of shares owned in some US concerns, including Unocal and Panhandle Eastern.

Income from dividends and interest rose 4.1 per cent to BFr 1bn following an increase *in revenue on investments* in shares in Belgian companies.

Sofina is proposing to raise its dividend, net of withholding tax, to BFr 315 per share from BFr 295 in 1984.

The value of the investment portfolio rose 1 per cent to BFr 9.42bn. The company said it made investments during 1985 in several US companies, including Reynolds Industries

United Plantations to reduce dividend

By Wong Sulong in Kuala Lumpur

UNITED PLANTATIONS, the former Danish-owned Malaysian palm oil company, plans a big cut in dividends to conserve cash for a major expansion project. The dividend is going down to 5 cents a share for 1985, comppared with 25 cents previously.

The reduction in payout follows approval by the Malaysian authorities for the acquisition of 25,000 acres of jungle land from the Perak State Government for a cash payment of 25m ringgit ($9.6m). UP said in view of the substantial capital required for the jungle development, it was prudent to conserve earnings.

The land lies adjacent to UP's current plantations in Lower Perak, and when fully developed will give the company nearly 60,000 acres of contiguous, high yield plantations.

After tax profit for the year was little changed at 28.9m ringgit. The performance contrasts favourably with sharp falls in profits at other plantation companies. UP said its earnings stability was due to forward sales of palm oil at favourable prices and "agreeable trading results" for Unitata, its big palm oil refining company.

UP also proposes a one-for-five scrip issue.

Trafalgar-Glen sells Minebea stake back to Japan

BY CARLA RAPOPORT IN TOKYO AND LIONEL BARBER IN LONDON

JAPAN'S FIRST hostile takeover bid mounted from abroad has moved a significant step backward with the sale by Trafalgar-Glen, an Anglo-US investment group, of its shareholding in Minebea, the precision ball bearing company which had been its target.

The predator refused, however, to acknowledge that this signalled an end to its pursuit of Minebea.

The ballbearing company said that Nomura and Daiwa, two *Japanese securities houses,* had bought 21m shares in Menebea, as well as convertible bonds worth $10.47m, from Trafalgar-Glen in London last Thursday.

Nearly 17m of the shares were then sold in Tokyo on Friday at Y630 a share—a level which is believed to represent a considerable discount to the price originally paid by Trafalgar-Glen.

The transaction marks a turning point in one of the most colourful episodes in Japanese financial history. Takeover bids in Japan are rare and are nearly always carried out behind closed doors until almost all the terms are agreed.

Mr Terry Ramsden, of the London-based Glen, and Mr *Charles Knapp, of the Los* Angeles Trafalgar Holdings group, however, launched their bid nine months ago before informing either the company or regulatory officials.

Mr Ramsden described the sale of Minebea shares and convertible bonds as amicable, but he rejected suggestions that his plans for a hostile bid were finished. "Anybody saying this would be making pre-emptive statements," he said.

Glen and Trafalgar still control a large proportion of Minebea sterling, dollar and Swiss Franc warrants, potentially representing more than 25 per cent of Minebea stock. Mr Ramsden said he had not exercised any of the warrants. *Barings, Minebea's London* adviser, said it understood this to be the case too.

One warrant dealer in London said that Trafalgar-Glen appeared to have a "stranglehold" on the warrants since no markets were being made.

The bid has been stalled since February awaiting a ruling *from a Ministry of Finance* committee in Tokyo on the defence implications of a foreign takeover of Minebea, which makes some military parts.

Many financial analysts in Tokyo have long dismissed the bid as Japan's first taste of greenmail—in other words, that it was launched only to increase the value of the predator's holdings.

It was unclear, however, whether Trafalgar-Glen won or lost on the deal, as the Japanese yen has appreciated by about 25 per cent against the dollar during the course of the bid, and the warrants may still be exercised.

"We are very glad to see *this agreement,"* said Mr Kenji Senoue, general manager for planning at Minebea. He added that the company's president, Mr Takami Takahashi, had helped negotiate the deal with Trafalgar Glen in London this week. He said that Mr Ramsden had contacted Baring Brothers in London and asked to sell.

Mr Ramsden acknowledged that Minebea's successful acqui*sition of Kanemori, a kimono* and textile manufacturer, had blunted Trafalgar-Glen's approach by diluting its original shareholding. But Trafalgar-Glen intended to unscramble the deal in the Japanese courts.

NEW INTERNATIONAL BOND ISSUES

Borrowers	Amount m.	Maturity	Av. life years	Coupon %	Price	Book Runner	Offer yield %
U.S. DOLLARS							
Best Denki ¶‡	45	1991	5	3¾	100	Nikko Secs. (Europe)	3.750
Rohm ¶‡	88	1991	5	3¾	100	Nomura Int.	3.750
Mitsubishi Corp. ¶‡	400	1994	8	3⅛	100	Nikko Secs. (Europe)	3.125
Suntory ‡	85	1993	7	0	60.28	CSFB	7.499
Chicorp ‡	150	1993	7	8	100⅛	Salomon Brothers	7.976
Queensland Coal (a)†‡	306	1996	10	5bp	100.15	CSFB	–
Mitsubishi Tr & B'king §	100	2001	15	(2½)	100	Mitsubishi Tr & B	•
CEPME ‡	100	1996	10	7¾	100¼	Salomon Brothers	7.713
General Electric ‡	300	1991	5	7⅜	101⅝	Yamaichi Int. (Eur)	6.979
Linfin Corp. (c)†‡	100	2001	15	⅛	100	Banque Paribas	–
Trio-Kenwood ¶	50	1991	5	(3¾)	100	Nomura Int.	•
Maruzen Co. ¶	30	1991	5	(3¾)	100	Nikko Secs. (Europe)	•
Bank of Yokohama ‡	100	1991	5	7⅝	101½	Bankers Trust Int.	7.257
Swedish Export Cr. ‡	100	1993	7	7½	100⅞	LTCB Int.	7.336
Lonrho Finance ‡	100	2001	15	4¾	100	CSFB	4.750
Canadian Pacific ‡	100	1996	10	7½	100	UBS (Secs)	7.500
Pepsico Inc. ‡	200	1993	7	7⅜	100⅜	LTCB Int.	7.305
Tokai Bank ‡	100	1991	5	7½	101⅛	Man. Hanover	7.224
Kleinwort, Benson (g)†‡	125	Perp.	–	⅜	100	CSFB	–
Freddie Mac ‡	200	2001	12	7.9	102	Nomura Int.	7.820
Sallie Mae (b)‡	100	1993	7	8⅛	101½	Daiwa Europe	7.838
Sumitomo Tr & B'king §	150	2001	15	(2½)	100	Sumitomo Trust Int.	•
DSL Bank ‡	110	1996	10	7½	100	CSFB	7.500
Citizen Watch ¶	50	1991	5	(3¾)	100	Nikko Secs. (Europe)	•
Statoil ‡	185	1989	3	7	101	Deutsche Bk Cap. Mkts	6.622
Thermo Analytical §	20	1996	10	(5¾–6¼)	•	Drexel Burnham Lambert	•
CANADIAN DOLLARS							
Bk of Montreal Realty ‡	100	1996	10	9½	99¾	UBS (Secs)	9.540
Hydro-Quebec ‡	150	2001	15	9½	100	Merrill Lynch	9.500
Ottawa-Carleton ‡	40	1998	12	9⅜	100⅝	Wood Gundy	9.287
Ottawa-Carleton ‡	15	2006	20	9⅝	100½	Wood Gundy	9.568
CIBC Mortgage Corp. ‡	100	1991	5	9¼	100½	CIBC Ltd.	9.121
New Brunswick ‡	75	1998	12	9¼	101	Wood Gundy	9.118
AUSTRALIAN DOLLARS							
AVCO Fin. Services ‡	40	1993	7	13½	101	Orion Royal Bank	13.272
CSR Finance ‡	40	1993	7	13¼	100½	Hambros Bank	13.137
St. Elec. Comm. Victoria ‡	50	1993	7	12¾	100¾	Orion Royal Bank	12.583
Hessische Landesbank ‡	50	1989	3	12¾	101½	Morgan Guaranty	12.124
Deutsche Bank Fin. ‡	75	1991	5	12½	101¼	Deutsche Bk Cap.Mkts	12.152
M.dei Paschi di Siena ‡	50	1989	3	13	100⅞	CIBC Ltd.	12.632
Bremer Landesbank ‡	30	1991	5	12¾	101¾	Orion Royal Bank	12.261
NEW ZEALAND DOLLARS							
Coca-Cola ‡	50	1989	3	18	101¼	Morgan Guaranty	17.430
D-MARKS							
PK Banken ‡	100	1996	10	5¾	100	Bayerische Vereinsbk	5.750
Westpac Banking ‡	250	1996	10	5⅞	100	Commerzbank	5.875
Oest. Investitionskredit **‡	50	1992	6	6	99¾	DG Bank	6.051
City of Montreal ‡	150	1998	12	5⅞	100⅛	WestLB	5.860
IBJ Finance ‡	200	1996	10	5⅝	99½	Deutsche Bank	5.692
C'Wealth Bk Australia **‡	120	1991	5	5¼	100	Deutsche Bank	5.250
SWISS FRANCS							
Advantest Corp **¶‡	100	1991	–	1⅜	100	Crédit Suisse	1.375
Advantest Corp **§‡	100	1991	–	1⅜	100	Crédit Suisse	1.375
Kansai Electric ‡	100	1998	–	5	100	UBS	5.000
Tobu Railway **¶‡	100	1991	–	1½	100	SBC	1.500
Canon Sales **	150	1991	–	•	•	B. della Svizz. Italiana	•
Chugoku Marine Pts **¶‡	30	1993	–	1½	100	Citicorp Inv.Bk	1.500
KLM	300	Perp.	–	(5⅝)	•	Kredietbank (Suisse)	•
Nordic Inv. Bank R‡	200	Perp.	–	7¼	100	Bqe Gutzwiller, K.B.	–
Standard Oil Ohio R‡	200	Perp.	–	7½	100	Sodltic	–
A.M.R. Corp. ‡	200	2001	–	5¼	100¾	Merrill Lynch Bk	5.177
Kawashima Textile **‡	30	1991	–	4⅞	100¼	J. Henry Schroder Bk	4.818
U.S. Steel Corp. ‡	200	1996	–	5¼	99¾	Crédit Suisse	5.283
Kawasaki Heavy Ind. **‡	50	1991	–	4⅞	100¼	SBC	4.818
Kawasaki Heavy Ind. **‡	50	1993	–	5	100¼	SBC	4.952
Daicel Chemical **§	100	1991	–	(1¾)	•	UBS	•
United Medical **§	30	1991	–	(5¼)	•	Chase Man. Bk (Switz)	•
Elkem **‡	99	1993	–	5	100	UBS	5.000
STERLING							
Midland Bank (a)†‡	250	2001	15	10bp	101.1	Samuel Montagu	–
Enterprise Oil ‡	50	1993	7	10	100	J. H. Schroder Wagg	10.000
Cie Bancaire (f)‡	50	1993	7	9	101¼	Banque Paribas	8.734
ECUs							
BNP (b)‡	50.5	1993	7	7⅛	100½	BNP	7.032
PIBA ‡	40	1991	5	7	100¼	Banque Paribas	6.938
Bacob Finance ‡	57	1993	7	7¼	100½	UBS (Secs)	7.157
Ireland ‡	100	1996	10	7⅝	100½	Morgan Guaranty	7.554
Girozentrale Vienna ‡	75	1993	7	7	100⅝	CSFB	6.884
Italy ‡	400	1996	10	0	52.00	Sanpaolo Bank	6.758
FRENCH FRANCS							
Finland ‡	400	1996	10	7¾	100½	BNP	7.677

Continued on Page 41

This document is **IMPORTANT**: If you are in any doubt about it you should consult your accountant, solicitor, stockbroker, bank manager, or other professional adviser.
Application has been made to the Council of The Stock Exchange in London for the Participating Redeemable Preference Shares of 1 cent. each ("Participating Shares") of each class of the Company to be admitted to the Official List.
Copies of this Prospectus together with the documents referred to herein have been delivered to the Registrar of Companies in England and Wales and copies have been registered by the Registrar of Companies in Hong Kong. Neither Registrar takes any responsibility as to the contents of this Prospectus.

The subscription lists for the initial offer will open at 9.00 a.m. on 14th April, 1986, and close at 3.30 p.m. on 2nd May, 1986. This Prospectus is issued solely for the purpose of the initial offer of Shares for subscription and does not constitute an offer of Shares for subscription after 2nd May, 1986. A separate prospectus will be issued for subsequent offers for subscription.

Scimitar Worldwide Selection Fund Limited

The distribution of this Prospectus and the offering of Participating Shares may be restricted in certain jurisdictions; persons receiving this Prospectus are required by the Company and the Managers to inform themselves of and to observe any such restrictions. This Prospectus does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer is not authorised to any person to whom it is unlawful to make such offer or solicitation.

The Participating Shares have not been registered under the United States Securities Act of 1933. Except in a transaction which does not violate the Act, they may not be directly or indirectly offered or sold in the United States of America, or any of its territories, possessions or areas subject to its jurisdiction, or to or for the benefit of a US person as defined below.

This Prospectus is not and shall not be deemed to be an invitation to the public of the Cayman Islands to subscribe for Participating Shares.

No person has been authorised to give any information or to make any representations, other than those contained in this Prospectus, in connection with the offering of Participating Shares and, if given or made, such information or representations must not be relied on as having been authorised by the Company or the Managers. The delivery of this Prospectus or the allotment or issue of Participating Shares does not imply that there has been no change in the affairs of the Company since the date hereof.

The consents of the Finance and Economics Committee of the States of Jersey under the Control of Borrowing (Jersey) Order 1958 (as amended), the Advisory and Finance Committee of the States of Guernsey under the Control of Borrowing (Bailiwick of Guernsey) Ordinances 1959 to 1976 and H.M. Treasury of the United Kingdom under the Control of Borrowing Order 1958 have been obtained for the issue of the Participating Shares. The Company will be authorised by the Securities Commission in Hong Kong. It must be distinctly understood that in giving these consents or authorisation neither of the Committees nor H.M. Treasury nor the Securities Commission takes any responsibility for the financial soundness of any schemes or for the correctness of any statements made or opinions expressed with regard to them.

The subscription lists for the initial Offer will open at 9.00 a.m. on 14th April, 1986 and will close at 3.30 p.m. on 2nd May, 1986. In respect of applications received prior to 3.30 p.m. on 2nd May, 1986, Participating Shares will be allotted as at that date, and confirmation will be sent to applicants within 10 business days thereafter. Share certificates will be despatched within 28 business days of allotment. All applications received after the closure of the subscription lists will be treated as applications for Participating Shares at the subscription price ruling on the relevant Dealing Day. The first available Dealing Day (being any business day in Jersey) will be 5th May, 1986. Following this initial subscription Participating Shares may be allotted on any Dealing Day at the relevant subscription price.

On 20th March, 1986 the Company had no loan capital (including term loans) outstanding or created but unissued, and no borrowing or indebtedness in the nature of borrowing, including bank overdrafts, liabilities under acceptances or acceptance credits, hire purchase commitments, guarantees, other contingent liabilities, mortgages or charges.

SUMMARY OF MAIN FEATURES

Structure
Scimitar Worldwide Selection Fund Limited is incorporated in the Cayman Islands with Managers resident in Jersey. It has the power to issue and redeem its Participating Shares at prices based on their underlying net asset value. The Managers have appointed Scimitar Asset Management Limited, as investment adviser to the Company.

Objective
The objective is to provide a single investment vehicle which gives individual and institutional investors the opportunity to invest in the major equity and bond markets worldwide through a range of separate international Equity and Bond Class Funds. This gives a high degree of flexibility in the management of investments.

Conversion
Investors in any of the Class Funds may convert between the different Class Funds. The first three conversions in any calendar year are free of charge and are made at values which exclude the Managers' initial charge. All conversions are subject to the minimum level of investment stated below. Conversion should not constitute a disposal for the purpose of United Kingdom taxation.

Subscription Price
The initial subscription price of each Class Fund will be US$10, £10 or ECU10, as appropriate, inclusive of the initial charge of 4%.
Thereafter, shares will be issued on a daily basis at prices based on the net asset value of each Class Fund. Prices will be published in the London edition of The Financial Times and in the Hong Kong South China Morning Post.

Minimum Investment
The initial minimum investment is US$10,000 or its equivalent. The minimum for any one Class Fund, or any subsequent investment by a shareholder, is $2,500 or its equivalent.

Redemptions
The redemption price of each Class Fund reflects the net asset value of that fund including undistributed income. Participating Shares may be redeemed on any Dealing Day.

Distributions
Distributions for each class of share (other than the Zero Coupon Bond Fund) will take place every six months with the first payment being made to investors on the register on 30th September, 1986. Shareholders may elect to have their dividends automatically reinvested in further Participating Shares of the same Class Fund.

Valuations
Each Class Fund is valued daily using closing mid-market prices for the previous Dealing Day.

Fees
The subscription price for each Class Fund includes the Managers' initial charge of 4%. The annual fees payable by the Company are a Managers' fee of 1% of the value of each Class Fund and a custodian fee of 0.25% in respect of Equity Class Funds and 0.125% in respect of Bond Class Funds. The Managers will pay an annual fee of 0.375% of the value of each Class Fund to the Investment Adviser.

Futures Contracts
The Managers can make use, when they consider it appropriate, of forward foreign currency contracts.

Taxation
The Company is incorporated in the Cayman Islands and under the present tax system is not subject to any income, profits or capital gains tax, nor are any withholding taxes levied on dividends paid by the Company.

United Kingdom investors should note that the Company will not be a distributing fund under the provisions of the Finance Act 1984.

This page is a summary of the main features of the Company. It is derived from and should be read in conjunction with the full text of this document.

DIRECTORS OF THE COMPANY

Sir Ronald Leach, GBE (Chairman), 78, British Chairman of Standard Chartered Bank (C.I.) Limited and Standard Chartered Trust Company (C.I.) Limited. He retired from the position of senior partner of Peat, Marwick, Mitchell & Co., in 1977	*all of:* Standard Chartered House, Conway Street, St. Helier, Jersey, Channel Islands.
Oliver John Coakley Oakes, 57, British Managing Director of Standard Chartered Bank (C.I.) Limited, Director of Standard Chartered Trust Company (C.I.) Limited and a Director of Standard Chartered Fund Managers (C.I.) Limited, he joined Standard Chartered Bank (C.I.) Limited from Julian S. Hodge Bank (Jersey) Limited in 1978	
Christopher Dickinson, 41, British Director of Standard Chartered Bank (C.I.) Limited and Managing Director of Standard Chartered Fund Managers (C.I.) Limited, he joined the Bank in 1983 from Coopers & Lybrand.	
Hon. Michael D'Arcy Benson, 42, British Director of Standard Chartered Merchant Bank Limited and Managing Director of Scimitar Asset Management Limited, which he joined in May 1985 after 18 years with Lazards latterly as a main board Director and Joint Managing Director of Lazards Securities Limited. He is also chairman of the Managers' Board of Directors	*both of:* 33–36 Gracechurch Street, London EC3V 0AX.
Martin Kenneth Alan Wooller, 34, British Director of Scimitar Asset Management Limited and head of the Fixed Income Department which he joined in August 1985. Prior to that he spent 5 years at a major London Merchant Bank in the fixed income and currency management areas, where he was an Assistant Director. Prior to that he worked at Bank of America and the Reserve Bank of Australia	
William Charles Langdon Brown, O.B.E., 54, British Area General Manager of Standard Chartered Bank, Hong Kong, he joined the Bank in 1954	Standard Chartered Bank, GPO Box 21, 4-4A Des Voeux Road Central, Hong Kong
Michael Kennedy Brown, 48, British Area General Manager of Standard Chartered Bank, Singapore, he joined the Bank in 1964	Standard Chartered Bank, Maxwell Road, P.O. Box 1901, Singapore 9038
John Adair Meikle Docherty, 42, British Generaldirektor of Standard Chartered Bank A.G. in Switzerland, he joined the Bank in 1964	Standard Chartered Bank A.G., P.O. Box 4322, CH-8022 Zurich

Scimitar Worldwide Selection Fund Limited

(the "Company")

Incorporated with limited liability in the Cayman Islands and registered on 18th March, 1986 under the provisions of the Companies Law (Cap. 22) of the Cayman Islands (the "Cayman Law") as amended and having an authorised *share capital of $10,000,100.*

Managed by
Scimitar Asset Management (C.I.) Limited

(the "Managers")

Initial Offer for Subscription of up to 1,000,000,000 Participating Redeemable Preference Shares of 1 cent. each in any of the following Class Funds and at the following prices (inclusive of the initial charge of 40 cents, £0.40 or ECU 0.40 as appropriate), payable in full on application:

Classes of Participating Shares	Initial Subscription Price
Equity Class Funds	
American	$10.00
European	$10.00
Japanese	$10.00
Pacific Basin	$10.00
Worldwide	$10.00
Bond Class Funds	
US Dollar	$10.00
Zero Coupon	$10.00
Sterling	£10.00
European Currency Unit	ECU 10.00
Worldwide	$10.00

In this document, "dollars", "$", and "cents." are United States dollars and cents. "Sterling", "pounds" and "£", are United Kingdom pounds sterling. All references to currency include European Currency Units, "ECU". Charges payable in dollars or cents *include their equivalent in sterling and ECU. All references to time are to Jersey time.*

Application may be made either by telex (Telex No. 4192013) or on the attached Application Form. Payment should be made in the currency shown opposite each class of Participating Shares above. If applicants wish to pay in other currencies, they should refer to the paragraph headed "Foreign Exchange". All forms of application, redemption or conversion or any other instructions to the Managers should be in English, failing which they will only be implemented at the Managers' discretion. Applications to the Hong Kong Representative may be in either English or Chinese.

Investors should be aware that the value of a Participating Share and the income from it can fall as well as rise.

The Directors of the Company, whose names appear under the paragraph headed *"Directors of the Company" are the persons responsible for the information contained in* this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.

Further copies of this Prospectus and Application Form may be obtained from:

Scimitar Asset Management (C.I.) Limited, *P.O. Box No 330,* Standard Chartered House, Conway Street, St. Helier, Jersey, Channel Islands. *Tel: Jersey (0534) 34373 or 34387.* Telex: 4192013. Standard Chartered Bank, Securities Department, GPO Box 21, *Central, Hong Kong.* Tel: 5-8422321 or 5-8422322 (English). 5-8422675 or 5-8422734 (Chinese). Telex: 73230.	*or*	Scimitar Asset Management Limited, *33–36 Gracechurch Street,* London EC3 0AX, Tel: London (01) 623 8711. Telex: 884689·

ADMINISTRATION AND ADVISERS

Registered Office P.O Box 309, Cayman International Trust Building, Grand Cayman, Cayman Islands, British West Indies.	**Investment Adviser** Scimitar Asset Management Limited, 33–36 Gracechurch Street, London EC3V 0AX.
Managers, Secretary and Registrar Scimitar Asset Management (C.I.) Limited, P.O. Box 330, Standard Chartered House, *Conway Street,* St. Helier, Jersey, Channel Islands.	**Hong Kong Representative** Standard Chartered Bank, GPO Box 21, 4-4A Des Voeux Road, Central, Hong Kong.
Bankers Standard Chartered Bank (C.I.) Limited, P.O. Box 89, *Standard Chartered House,* Conway Street, St. Helier, Jersey, Channel Islands.	**Custodian** Standard Chartered Trust Company (C.I.) Limited, P.O. Box 284, Commercial House, Commercial Street, St. Helier, Jersey, Channel Islands.
Auditors Peat, Marwick, Mitchell & Co., (Chartered Accountants), Equity & Law House, La Motte Street, St. Helier, Jersey, Channel Islands.	**Stockbrokers** Rowe & Pitman, 1 Finsbury Avenue, London EC2M 2PA.

Legal Advisers to the Company

In the Cayman Islands: *Maples and Calder,* P.O. Box 309, Cayman International Trust Building, Grand Cayman, Cayman Islands, British West Indies.	In Jersey: *Mourant du Feu & Jeune,* 18 Grenville Street, St. Helier, *Jersey,* Channel Islands.
In Hong Kong: Slaughter and May, 27th Floor, Two Exchange Square, *Hong Kong.*	In the United Kingdom: Linklaters & Paines, Barrington House, 59-67 Gresham Street, London EC2V 7JA.

THE COMPANY

Over the last few years both institutional and private investors have been faced with a revolution in the financial markets of the world, which has greatly increased the investment opportunities available to them. This *however has brought additional problems, which arise from the difficulty* of assimilating the volume of data which is available, and in assessing and controlling the level of risk and degree of individual market exposure in a global portfolio.

Scimitar Worldwide Selection Fund has been established to meet the needs of both the individual and institutional investor, who require an international spread of investments in either the equity or bond markets of the world.

The Company has been structured so that the shareholders may switch between investments *in equities or bonds by simply converting Participating Shares from one class to another.*

This ability to convert between Class Funds enables an investor to vary his exposure to a particular market quickly and with the minimum of effort and cost. Thus a policy of investment in an aggressive growth economy, achieved, for example, through holding shares in the Pacific Basin Equity Fund, can be easily switched to a defensive income-oriented investment by converting into an appropriate Bond Class Fund.

INVESTMENT POLICY & OBJECTIVES

The day to day management of the underlying investments in each Class Fund is undertaken by the Managers in accordance with the policy guidelines laid down by the Directors and with advice from the Investment Adviser. The Directors believe that in today's international market place, the correct starting point for investment decisions is an analysis of the major economic and demographic forces operating throughout the world. This is commonly known as the "top down" approach to investment management and it enables conclusions to be drawn about the *likely trends in economic growth, inflation and interest rates across the world.*

This approach also highlights the individual market sectors in each economy which are likely to benefit most from the perceived trends. In this way the Directors, through each Class Fund, will aim to exploit the most promising areas of economic activity throughout the world.

As a consequence of this approach to investment management, with its emphasis on country *and sector weightings, the Company's portfolios will be primarily invested in the larger* companies within each sector or market, thus ensuring that the assets within each Class Fund can be readily liquidated if required.

The Class Funds initially being offered are as follows:—

Equity Class Funds
The objective of long term investment in equities is to produce capital growth so that the investor is adequately rewarded for foregoing the capital security and higher income that could have been received by investing in the money markets.

Such growth is to be anticipated, because an investment in equities is an investment in the wealth producing sector of the economy. Thus if the economy grows in value, so too should *company profits and share values. Certain sectors of each economy tend to grow faster than* others over periods of time and it is for this reason that the Directors believe that a "top-down" approach to investment management is likely to produce above average returns.

The individual Equity Class Funds are as follows:

American
The North American economy is one of the strongest in the world and accounts for half the world's economic output. World growth is therefore highly dependent upon growth within North America. The Directors anticipate that 1986 will see a resurgence of activity in this economy.

European
With the increasing internationalisation of investment, the European markets are playing an *increasingly important role in terms of global asset management. The stock markets have been* rising strongly over the last two years from a historically undervalued level. However, selective investment still seems likely to produce attractive returns.

Japanese
Over the last decade the Japanese economy has proved to be one of the strongest and this has *been reflected in the stock market. It would now seem that Japan's role as an exporter is coming* under pressure, thus weakening the growth rates of the companies in this area. The prospects for domestic suppliers are improving however, offering good opportunities for investors.

Pacific Basin
While in valuation terms the Japanese stock market dominates the Pacific Basin, there are a number of other countries *within the region which offer attractive investment opportunities.* The Managers will therefore select investments in a wide range of companies quoted on stock exchanges primarily in Australia, Hong Kong, Singapore and Malaysia as well as Japan. Additional investment opportunities may arise in the smaller economies of the Pacific rim such as Thailand, Korea and Taiwan. If appropriate, such investments will be included in the portfolio.

Worldwide
For those investors who prefer to rely on professional expertise for their decisions regarding global asset distribution, the Managers have formed the Worldwide Fund. The investment policy will be determined in accordance with the "top down" approach described above. In determining the relative asset weightings, the Managers will be influenced to a very considerable *degree by the economic and political situations in each region.*

Normally the Company will only invest in equity securities which are listed or dealt in on major stock exchanges or in securities markets which are subject to proper control.

Should the Managers consider it in the best interests of the shareholders to invest in any other equity securities, the total of any such holdings will be limited to 10 per cent. of the net asset *value of the relevant Class Fund.*

Bond Class Funds
Investment in longer dated fixed payment securities normally provides a good degree of long term capital protection, whilst providing a reasonable level of income. Traditionally, longer dated securities have tended to provide higher yields to compensate for the increased degree of capital volatility that can be experienced over the short term. This is not always the case however, and enhanced total returns can be achieved by adopting a constructive management approach to *bond portfolios. Of significant interest at present is the fact that all major bond markets provide* returns substantially above their domestic inflation rates.

The individual Bond Class Funds are as follows:—

US Dollar
As the dollar is the world's reserve currency, movements in dollar interest rates and bond yields *have effects on markets all around the world. It is likely that any major changes in the trend of* interest rates will be led by the American markets.

Zero Coupon
Offers the possibility of longer term capital growth without dividends. In volatile market conditions, the value of the Class Fund may fluctuate to a greater extent than that of Class Funds paying *dividends. Up to 25 per cent. of the Class Fund's assets may be invested in non dollar* zero coupon securities.

Sterling
Valued in sterling, this Class Fund aims to provide investors with an income based on Sterling Bonds producing a yield comparable to the rate of return on British Government Securities.

European Currency Unit
Valued in ECU, this Class Fund will invest in bond markets of European Economic Community *member states and in ECU Bonds. Ordinarily at least 50 per cent. of the portfolio will be invested* in bonds denominated in ECU's. This should minimise the risk from currency fluctuations.

Worldwide
The Worldwide Class Fund has been formed for investors who prefer to rely on professional expertise to decide in which bond markets to invest. This Fund, valued in US dollars, will invest *in US dollar bond markets as well as other bond markets worldwide. Investment strategy, in* common with the Worldwide Equity Class Fund, will follow a "top down" approach, as described above.

New Class Funds may be created from time to time in response to changes in the investment market. Details of any new Class Funds will be circulated to all shareholders.

The investment policies described in this prospectus will be adhered to for at least three years following listing of the Participating Shares.

It should be appreciated that the value of a Participating Share and the income from it can fall as well as rise.

MANAGEMENT

The Managers, Investment Adviser and Custodian are all companies within the Standard Chartered Group whose members are engaged in banking, investment management and other financial services. The Group has more than 2,000 offices worldwide in over 60 different countries. The share capital of Standard Chartered PLC, the Group's holding company, is listed on The Stock Exchange in London.

Managers
Scimitar Asset Management (C.I.) Limited, which was recently incorporated, has been appointed Managers. They are responsible to the Directors for management of the Class Funds in accordance with the investment policy of each Fund laid down by the Directors and for the Company's administration, acting as its Registrar and Secretary. Hon. Michael D'A. Benson, Oliver J. C. Oakes and Christopher Dickinson who are Directors of the Company are also Directors of the Managers. The other Directors are the following:—

Barry John Phillips, 38, British. Secretary of Standard Chartered Bank (C.I.) Limited and a Director of Standard Chartered *Trust Company (C.I.) Limited. He joined the Bank in 1982 after three years* as financial controller at RoyWest Trust Corporation (Jersey) Limited. Prior to that he was with Coopers & Lybrand.

Richard Charles Harrison Tardre, 46, British. A Director of Standard Chartered Bank (C.I.) Limited and a Director of Standard Chartered Fund Managers (C.I.) Limited. He joined the Bank in 1963.

Howard John Dolling, 44, British. A Director of Scimitar Asset Management Limited with responsibility for administration, he joined the Company in July 1985 after 26 years with Lazards where he was the Manager in charge of the Securities Department and the administration of Lazard Securities Limited.

Peter William Weller, 54, British. General Manager, United Kingdom and Irish branch operations *for Standard Chartered Bank and a Director of various Standard Chartered subsidiaries including* Standard Chartered Bank (C.I.) Limited. He joined the Bank in 1955.

Investment Adviser
Scimitar Asset Management Limited has been appointed the Investment Adviser to the Managers. It has been established in order to expand Standard Chartered Group's investment management operations in London and to co-ordinate and expand its worldwide investment activities.

The Investment Adviser has brought together a team of experienced *professionals from many* different UK financial institutions who adopt a highly disciplined approach to global asset management.

Custodian
Standard Chartered Trust Company (C.I.) Limited has been appointed Custodian of the Company's assets. Its responsibilities include holding all of the Company's assets in safe-keeping. Redemptions and dividends are paid by the Custodian from the assets of the Company.

Hong Kong Representative
The Company has, by an Agreement dated 20th March, 1986, appointed Standard Chartered Bank as the Hong Kong representative (the "Hong Kong Representative") to represent the

Company and the Managers in Hong Kong generally in relation to the affairs of the Company. As part of its function, the Hong Kong Representative will receive applications for Participating Shares from prospective investors in Hong Kong and the Far East, arrange for the issue of share certificates to successful applicants, deal with enquiries from shareholders and maintain liaison with the Hong Kong regulatory authorities. The fees and expenses of the Hong Kong Representative as Hong Kong representative will be borne by the Company.

Copies of the Memorandum and Articles of Association of the Company may be obtained from the Hong Kong Representative at its address shown above at the price of HK $50.

Further details of the Management, Investment Advisory, Custodian and Hong Kong Representative Agreements are set out under "General Information" below.

DEALING INFORMATION

Publication of Prices

Following the initial offer, the subscription and redemption prices of each class of Participating Shares (including the Managers' initial charge) will be published in the Offshore and Overseas Funds section of the *London Financial Times* and in the *Hong Kong South China Morning Post.*

Application

Applications may be made either by telex (Telex No 4192013) or on the attached Application Form. Payment should be made in the currency shown opposite each class of Participating Shares. If applicants wish to apply in other currencies, they should refer to the paragraph headed "Foreign Exchange Transactions". Full details of the application and payment procedures (including the issue of contract notes and share certificates) are set out below under the paragraph headed "Application Procedures". Shares will be issued in registered form.

Fractions of a Participating Share will be issued (to the nearest thousandth) enabling the issue of Participating Shares to equate to the subscription monies received.

Participating Shares will normally only be allotted against receipt of cleared funds by 3.30 p.m. on the Dealing Day in question.

After the close of the initial offer, the subscription price at which Participating Shares will be issued will include the Managers' initial charge and be calculated by reference to the net asset value of the relevant Class Fund.

Conversion

Conversions from one class of Participating Share to another may be made in respect of Participating Shares with a value of not less than $2,500 (or the equivalent in Sterling or ECU) provided that the value of any Participating Shares of the class retained by the shareholder is not less than the minimum shareholding for that class. The Managers may at their discretion permit conversion of smaller amounts.

In order to convert all or part of a holding, shareholders should deliver the relevant share certificate for not less than the number of Participating Shares to be converted to the Managers with the request for conversion on the reverse of the certificate duly completed.

A request for conversion in respect of Participating Shares for which no certificate has yet been issued, must be made in writing to the Managers detailing the number and class of Participating Shares to be converted, and the class into which they are to be converted. Such a request must be signed by all the parties in whose names the original certificate would have been issued.

Details of charges payable on conversion are given in the paragraph headed "Fees and Charges".

Redemption

On and after 8th May, 1986, Participating Shares of each class may be redeemed at prices based on the net asset value applicable to each Participating Share in issue or deemed to be in issue arrived at on a mid-market basis, after providing for liabilities applicable to that Class Fund and the costs which would be payable on a disposal of the whole portfolio. The total may then be rounded downwards by not more than one per cent. The Managers are entitled to the benefit of the rounding-down adjustment. The Managers may purchase Participating Shares submitted for redemption at not less than the redemption price calculated as above.

In order to redeem all or part of a holding, a shareholder should deliver the relevant share certificate with the form of redemption on the reverse duly completed. Unless the number of Participating Shares or value to be realised is specified, an application for redemption will be taken to apply to all the Participating Shares represented by the share certificate received.

Where a request is made for redemption in respect of Participating Shares for which no certificate has yet been issued, it should be in writing detailing the number and class of Participating Shares to be redeemed duly signed by all the parties in whose names such certificate would have been issued.

The net redemption or sale proceeds will normally be paid by the Managers within fifteen business days following the relevant Dealing Day or date of receipt of the duly renounced certificate if later. Payment will be made by cheque sent by post at the applicant's risk, unless the shareholder requests a telegraphic transfer which will be implemented at the shareholder's expense.

When part only of the Participating Shares represented by one certificate is redeemed or sold, a certificate for any balance of Participating Shares will be despatched, normally within one calendar month of the redemption or sale.

General

Participating Shares may be issued, redeemed or converted on any Dealing Day and provided that the Managers receive proper instructions prior to 3.30 p.m., applications and requests for, redemption and conversion will be dealt with on the Dealing Day on which instructions are given. Any such applications or requests received after 3.30 p.m. will be held over until the next Dealing Day.

In the event of a temporary suspension of valuations of any Class Fund, requests for conversion and redemption may be withdrawn. Further details are set out in the paragraph headed "Temporary Suspension of Valuations".

A Nominee Facility will be available which will simplify the procedure for redemptions and conversions. Investors wishing to use this service should tick the appropriate box on the attached Application Form or specify the same in their application telex.

Participating Shares may be transferred by common stock transfer form.

DIVIDEND POLICY

The net income of each Class Fund, other than the Zero Coupon Fund, comprising dividends and interest received from underlying investments, less expenses applicable to the relevant Class Fund, will be distributed to the respective class of shareholders by way of dividend. The amounts payable on each Participating Share will vary according to the investment policy of the Class Fund and, in particular, no dividends will be paid to shareholders in the Zero Coupon Fund.

Dividends will be paid half yearly in, May and November to shareholders on the register at 31st March and 30th September respectively, commencing in November, 1986, in the currency in which the Participating Shares are designated. Upon request, the Managers will arrange for dividends to be paid in other freely convertible and available currencies. Normal banking charges will be made for this service. Investors should specify in their telex applications or on the attached Application Form if they require the dividends to be reinvested.

Dividends will be paid without deduction of Jersey Income Tax, except to Jersey residents.

Reinvestment

As stated above, dividends will be paid in the currency in which the particular class of *Participating Share is designated, on all classes other than on the Zero Coupon Fund where no* dividend will be paid.

Depending on their personal circumstances, it may be of particular interest to shareholders to avail themselves of the reinvestment procedures and have the dividends payable to them on any class of Participating Shares (other than the Zero Coupon Fund) applied in the acquisition of further Participating Shares of that class. Furthermore, the collection and credit to a shareholder's bank account of relatively small amounts of foreign currency can attract bank charges which are disproportionately high in relation to the value of the dividend.

Shareholders may elect to have their dividends reinvested either on completion of the appropriate section of the Application Form or at any time by written request or telex to the Managers, or by request in an application telex. Where a shareholder so elects, the Managers will issue a dividend voucher, but arrange for retention of the dividend payment and its reinvestment in further Participating Shares of the same class at the current subscription price ruling on the relevant dividend payment date. A contract note will be issued dated as at such date detailing the number and class of Participating Shares acquired and the subscription price. Certificates for such Participating Shares will be issued within one calendar month of such date. In the event of a suspension of valuation of any class of Participating Share, reinvestment will be made on the next Dealing Day.

VALUATIONS

Subscription and redemption prices will normally be calculated by valuing the underlying *investments in each Class Fund on a mid-market basis. In exceptional circumstances the* Managers may, if in their opinion it would be in the best interests of the shareholders to do so, and with the consent of the Auditors, make valuations on a bid and offer price basis.

Monetary instruments including treasury bills, bank acceptances, trade bills, certificates of deposit and similar assets will be valued by the Managers in accordance with normal dealing *practice. The value of unquoted investments, if any, will be calculated on a basis determined by* the Managers with the Auditors' approval. Investments for which there are stock exchange quotations or other public market prices will be valued at mid-market prices available at the latest close of business on the previous Dealing Day.

Dividends, accrued interest and other payments due to the relevant Class Fund but not yet received will be included and any expenses, provisions and liabilities will similarly be deducted.

In certain circumstances, valuation of a Class Fund may be suspended and during any such period of suspension no Participating Shares of that class to which the suspension relates may be issued (other than those already allotted), redeemed or converted. Details are set out in paragraph 5 of "General Information".

FEES AND CHARGES

Initial Charge

The Articles of Association provide that the Managers may make an initial charge to subscribers for Participating Shares not exceeding 5 per cent. of the subscription price. The Managers' initial charge on subscription for the initial offer is $0.40, £0.40 or ECU 0.40, as appropriate, which is included in the initial subscription price.

On Conversion

Conversion between Class Funds will normally be effected free of charge at values which exclude the Managers' initial charge. However, after the first three conversion transactions undertaken for a shareholder in any one calendar year, a charge for administration costs will be made by the Managers by the inclusion of an initial charge not exceeding 1 per cent. of the subscription price of the Participating Shares into which conversion is to be made.

Managers' Fees

Under the agreement with the Managers, referred to in paragraph 10 of "General Information", the Company will pay the Managers a monthly fee of one twelfth of 1 per cent. of the net asset value of each of the Class Funds as at the last Dealing Day in each month. Out of these fees, the Managers are obliged to meet the fees of the Investment Adviser and all their own expenses, including those related to registration, advisory and secretarial duties.

Custodian's Fees

Under the agreement with the Custodian, referred to in paragraph 10 of "General Information", the Company will pay a monthly fee of one twelfth of 0.25 per cent. of the net asset value of each Equity Class Fund and one twelfth of 0.125 per cent. of the net asset value of each Bond Class Fund, subject to a minimum of $5,000 per annum per class.

Investment Adviser's Fees

Under the agreement with the Investment Adviser referred to in paragraph 10 of "General Information", the Managers will pay the Investment Adviser a monthly fee of one twelfth of 0.375 per cent. of the net asset value of each Class Fund.

Hong Kong Representative's Fees

Under the agreement with the Hong Kong Representative referred to in paragraph 10 of "General *Information"*, the Company will pay the Hong Kong Representative such reasonable fee (if any) as may be agreed between them and will reimburse all the expenses of the Hong Kong Representative incurred in carrying out its duties under the agreement.

The Company

The Company is responsible for its own operating expenses. These include audit and legal fees, fees and expenses payable to Directors, stamp and other duties and charges incurred on the acquisition and realisation of investments. The Company will also pay expenses incurred on any issue of Participating Shares, the cost of obtaining and maintaining the listings on The Stock Exchange in London and any other stock exchanges upon which the Participating Shares are for *the time being quoted or listed, and the cost of publishing prices.* In addition, certain out-of-pocket expenses of the Managers, the Hong Kong Representative and the Custodian in relation to their services will be borne by the Company.

Commissions

Out of the initial charge the Managers may pay commission to any authorised agents at rates which are available from the Managers.

TAXATION

Prospective investors may be resident in many jurisdictions. They should ascertain from their professional advisers the consequences to them of acquiring, holding, redeeming, selling or converting Participating Shares under the relevant laws to which they are subject, including the tax consequences and any exchange control requirements.

The following statements are based on advice received by the Company regarding the law as enacted in the jurisdictions mentioned below, and are subject to changes therein.

The Company

The Company is incorporated in the Cayman Islands. *Under the system of taxation presently in* force in the Cayman Islands no local taxes will be chargeable on any income, profits or capital gains of the Company or on any dividends payable by the Company. The Company has applied for and anticipates that it will receive an undertaking from the Cayman Islands' authorities that, for a period of 20 years from the date of the undertaking, no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gains or appreciations shall apply to the Company or its operations and that no such tax shall be payable on the shares, debentures or other obligations of the Company. The annual filing fee payable each year by the Company in the Cayman Islands is currently the equivalent of $1,585.

The Directors do not consider that the Company is resident for tax purposes within the Cayman Islands, United Kingdom or Jersey and it is their intention to conduct the affairs of the Company so as to ensure, so far as practicable, that it will not become so resident or be deemed to be a close company if it were resident in the United Kingdom. The Company does not intend to establish a fixed place of business outside the Cayman Islands.

The Directors intend to conduct the affairs of the Company in such a manner as to minimise, so far as they consider reasonable, taxation suffered by the Company. However, the Company will make investments in many different jurisdictions and some of the Company's income and gains will be subject to withholding and other taxes. It is not anticipated that the Company will benefit from any treaties for the relief of double taxation in respect of income which is subject to such taxes.

Shareholders

Under the system of taxation presently in force, shareholders will not be subject to any tax in the Cayman Islands or in Jersey (other than persons resident in Jersey) in respect of any Participating Shares owned by them. The Company has applied for and anticipates that it will receive an undertaking from the Cayman Islands' authorities that, for a period of 20 years from the date of the undertaking, no tax in the nature of estate duty or inheritance tax nor any tax to be levied on profits or income or gains or appreciation shall be payable on the Participating Shares.

United Kingdom taxpayers should note that dividends received from the Company will be subject to taxation as income and that the Company will not apply for certification as a distributing fund under the provisions of the Finance Act 1984. Accordingly any gain made on a disposal of Participating Shares will be treated as income. Conversion of Participating Shares by persons, including companies, resident or ordinarily resident in the United Kingdom for taxation purposes, should not rank as a disposal for the purposes of charging tax.

Except in the case of persons carrying on a business of trading in securities in Hong Kong, no tax will be payable in Hong Kong in respect of dividends paid by the Company or in respect of any capital gains arising on a sale, redemption, conversion or other disposal of Participating Shares.

FOREIGN EXCHANGE TRANSACTIONS

Payments may be tendered or requested in freely convertible currencies other than those in which the Participating Shares are designated. The necessary foreign exchange transactions will be arranged by the Managers at the risk and cost of the applicant.

REPORT AND ACCOUNTS

The annual report and audited accounts relating to the Company will normally be made up to 31st March of each year with interim accounts made up to 30th September. In either case, if such a day is not a business day, the accounts will be made up to the day immediately preceding such business day. Copies of the accounts will be sent to all persons on the register of members at the relevent record dates.

MEETINGS

Notices convening the Annual General Meeting will be sent to shareholders together with the annual report and accounts of the Company, not later than 21 days before the date fixed for the meeting, which will be held in Jersey.

GENERAL INFORMATION

1. Share Capital and Constitution

The Company has an authorised share capital of $10,000,100 divided into 100 Founders Shares of $1 each, all of which have been issued fully paid to the Managers and 1,000,000,000 Unclassified Shares of 1 cent each available for issue as Participating Shares or Nominal Shares. The constitution of the Company is defined by its Memorandum and Articles of Association (the "Articles"). The Articles may be amended by a special resolution passed in accordance with Cayman Law, involving a resolution passed by a two-thirds majority of those present at a General Meeting.

The Memorandum of Association of the Company provides that its principal objects are to carry on business as an investment holding company and the investment of its funds, *inter alia* in shares, stocks and equities. The objects of the Company are set out in full in Clause 3 of the Memorandum of Association.

Except for issues of Participating Shares by reference to Net Asset Values and the issue of Nominal Shares as described herein, no material issue of shares will be made by the Company following the Initial Offer otherwise than to shareholders pro rata to existing holdings so as effectively to alter control of the Company without, in either case, prior approval of the Company in General Meeting.

The principal rights attaching to the Company's Founders Shares, Participating Shares and Nominal Shares are set out below.

(a) Founders Shares

Founders Shares have been created so that Participating Shares may be issued with preference over another class of capital. They do not carry any right to dividends and are not redeemable. On a show of hands each holder of a Founders' Share who is present at a meeting has one vote and, on a poll, each such holder who is present in person or by proxy is entitled to one vote in respect of each Founders' Share held by him. They have been issued only to the Managers.

(b) Unclassified Shares

These are unallotted Shares which are available for issue either as Participating Shares or as Nominal Shares.

(c) Participating Shares

Participating Shares are divided into classes as determined by the Directors from time to time. On or before allotment of any Participating Shares, the Directors are required to determine the class to which such Participating Shares shall belong and have determined that the initial classes of Participating Shares are as set out above. The Directors may in the future designate new classes of Participating Shares. All monies payable on or in respect of a Participating Share (including the subscription and redemption monies in respect thereof) are payable in the currency in which such Participating Share is designated or in such other currency as the Directors may deem appropriate. A separate Class Fund is maintained for each class (see Class Funds below). On a show of hands, each holder of a Participating Share who is present at a meeting has one vote and, on a poll, each such holder who is present in person or by proxy is entitled to one vote in respect of each *Participating Share held by him. Dividends may be paid to the holders of the Participating Shares of any class* out of the profits of the relevant Class Fund available for distribution.

(d) Nominal Shares

Nominal Shares may only be issued and redeemed at par and only for the purpose of providing funds for the repayment of the nominal amount of Participating Shares redeemed. They carry no right to participate in income or capital profits. On a show of hands each holder of a Nominal Share who is present at a meeting has one vote and, on a poll, each such holder who is present in person or by proxy is entitled to one vote in respect of each Nominal Share held by him.

The Managers are obliged to subscribe for Nominal Shares for cash at par when Participating Shares are redeemed, unless the Directors decide that the nominal amount of such Participating Shares is to be redeemed out of profits.

Nominal Shares may be converted into Participating Shares by the payment of the Subscription Price less the nominal value thereof.

Further information in respect of rights on a winding-up are detailed in paragraph 7 below.

Denomination of Share Capital

The nominal share capital of each class will be credited in dollars in the books of the Company and the Unclassified Shares will be issued as Participating Shares in the currency in which such shares are to be designated as set out above.

2. Class Funds

The Directors are required to establish a Class Fund for each class of Participating Shares.

The proceeds from the allotment and issue of each class of Participating Shares (whether or not requiring conversion into some other currency or currencies) will be applied in the books of the Company to the Class Fund established for that class of Participating Shares, and the assets and liabilities and income and expenditure attributable thereto will be applied to such Class Fund subject to the provisions of the Articles.

The proceeds from the conversion of Nominal Shares into Participating Shares of any class, together with an amount equivalent to (or as near as possible equivalent to) the nominal value thereof, will be applied in the books of the Company to the Class Fund established for that class of Participating Shares.

Where any asset is derived from another asset (whether cash or otherwise) such derivative asset will be applied in the books of the Company to the same Class Fund as the asset from which it was derived and on each revaluation of an investment the increase or diminution in value will be applied to the relevant Class Fund.

Subject as provided in the Articles, the Directors have the following powers:—

(i) In the case of any asset of the Company (not being attributable to the Founders Shares or Nominal Shares) *which the Directors do not consider is attributable to a particular Class Fund, the Directors* will have the discretion to determine the basis upon which any such asset shall be allocated between Class Funds and to vary such basis.

(ii) Where the assets of the Company attributable to the Founders Shares or the Nominal Shares give rise to any net profits, the Directors may allocate assets representing such net profits to such Class Funds as they deem equitable.

(iii) To determine the basis upon which any liability shall be allocated between Class Funds (including conditions as to subsequent re-allocation thereof if circumstances so permit or require) and to vary such basis.

(iv) In the books of the Company, to transfer any assets to and from Class Funds if, as a result of a creditor proceeding against certain of the assets of the Company or otherwise, a liability would be borne in a different manner from that in which it would otherwise have been borne, or in any similar circumstances.

Except in the case of liquidation, the assets so held in each Class Fund are to be applied solely in respect of Shares of the class to which such Class Fund relates.

3. Redemption

(a) Compulsory Redemption

If at any time after 30th March, 1987 the Net Asset Value of any one class of Participating Shares shall on a Dealing Day be less than $2,000,000 or its equivalent in sterling or ECU, the Company may by not less than 4 weeks' notice (expiring on a specified Dealing Day) to all holders of Participating Shares of that class, within 4 weeks after the expiry of such period, redeem at the Redemption Price on the specified Dealing Day, all (but not some) of the Participating Shares of that class not previously redeemed.

If all the Participating Shares of any class are to be redeemed, the Directors may, with the sanction of an Extraordinary Resolution of the holders of Participating Shares of that class, divide amongst the said holders in specie all or any part of the assets of the relevant Class Fund.

All Participating Shares not previously redeemed shall be redeemed by the Company at the relevant Redemption Prices calculated on 31st December, 2086 if that is a Dealing Day or, if it is not a Dealing Day, on the next following Dealing Day.

(b) Voluntary Redemption

Subject to the provisions of Cayman Law and the Articles, the Company shall on receipt of a Redemption Notice by a holder (the "Applicant") of Participating Shares of any class and the appropriate share certificate (if any) redeem all or any portion of the Applicant's specified holding of Participating Shares on the terms and conditions contained in the Articles or procure the purchase thereof at not less than the Redemption Price less the rounding adjustment.

The redemption of Participating Shares will be made on the same Dealing Day on which the receipt of such Redemption Notice occurs provided that, should any such notice be received after 3.30 p.m., the Company may defer the redemption or purchase until the next Dealing Day.

In the event that an Applicant should request the redemption of part only of his holding of Participating Shares and that such redemption or purchase would if carried out leave the Applicant holding less than the *minimum holding for that class, the Company may if the Directors think fit redeem the whole of that Applicant's* holding.

If the determination of the Redemption Price is suspended beyond the day on which it would normally occur by reason of a suspension of net asset value as specified below, the right of the Applicant to have his Participating Shares redeemed or purchased shall be similarly suspended and during the period of suspension he may withdraw his Redemption Notice and his certificate (if any). Any withdrawal of a Redemption Notice will only be effective if received by the Company before termination of the period of suspension. If the Redemption Notice is not so withdrawn, the redemption or purchase of the Participating Shares will be made on the Dealing Day next following the end of the suspension.

The redemption of Participating Shares of any class will be made on terms that (subject to any requisite official consents first having been obtained) the Company will effect settlement of the redemption monies in *the currency or currencies in which such class is designated (or such other currency or currencies as the* Directors have determined as appropriate) within 15 business days of redemption in accordance with the paying instructions given by the Applicant to the Company or its authorised agent outside the United Kingdom provided that the Directors are satisfied there is no practical or legal impediment to the implementation of such instruction. If the Directors are not so satisfied or no payment instructions have been given as aforesaid, settlement will be effected (subject to any requisite official consents first having been obtained) by a remittance made in accordance with the current practice for the time being in the relevant markets in the investments of that Class Fund or by cheque or in such other manner as the Directors may deem appropriate provided that the Company shall not be liable for any loss or damage suffered or incurred by the Applicant or any other person as a result of or arising out of late settlement.

(c) Deferral of Redemptions

If the number of Participating Shares of any one class otherwise falling to be redeemed or purchased on any Dealing Day is equal to one fifth or more of the total number of Participating Shares of that class in issue on that day, then the Directors may at their discretion refuse to redeem or procure the purchase of any Participating Shares of that class in excess of one fifth of the total number of Participating Shares of that class in issue as aforesaid and, if they so refuse, the Redemption Notices on such Dealing Day shall be reduced rateably and the Participating Shares to which each such notice relates which are not redeemed or purchased by reason of such refusal will be treated as if a Redemption Notice had been made in respect of each subsequent Dealing Day until the Participating Shares to which the original notice related have been redeemed or purchased. Redemption Notices which have been carried forward from an earlier Dealing Day will (subject to the foregoing limits) be complied with in priority to later requests.

If the number of Participating Shares of any one class falling to be redeemed or purchased on any Dealing Day is equal to one quarter or more of the total number of Participating Shares of that class in issue, then the Company may, at the discretion of the Directors and with the consent of the Applicant, satisfy the relevant Redemption Notice by the transfer to that Applicant of assets of the relevant Class Fund in specie. Any such transfer of assets will, subject as hereinafter provided, be made by the Company transferring to the relevant Applicant the proportion of the assets of the relevant Class Fund which the number of Participating Shares of the class to be redeemed by that Applicant bears to the total number of Participating Shares of that class then in issue or deemed to be in issue. This will be adjusted as the Directors may determine to reflect the liabilities of the Company attributable to that Class Fund provided that the nature of the assets of the relevant Class Fund to be transferred to any Applicant pursuant to the foregoing provisions shall be determined by the Directors on such basis as the Directors in their sole discretion shall deem equitable and not prejudicial to the interests of the remaining members holding Participating Shares of that class. For these purposes, the value of the assets shall be determined on the same basis as used in calculating the Redemption Price of the Participating Shares of the class being so redeemed.

(d) Redemption Price

The redemption of Participating Shares of any class on any Dealing Day will be made at a Redemption Price per Participating Share for the class concerned determined by the Directors for the relevant Dealing Day and of not more than the subscription price for the class concerned calculated for the same Dealing Day and not less than a sum ascertained by:—

(i) determining the net asset value of the Participating Shares of the class concerned;

(ii) deducting therefrom, such sum as the Directors consider represents the appropriate provision for duties and charges which would be incurred on the assumption that all the investments comprised within the relevant Class Fund were being realised on the relevant Dealing Day; and

(iii) dividing the amount calculated above by the number of Participating Shares of the class concerned in issue or deemed to be in issue.

The whole sum may be rounded down by not more than one per cent.

4. Conversion of Participating Shares

Subject as provided in the Articles, a holder of Participating Shares of any class (the "Original Class") will have the right from time to time to convert all or any portion of such Participating Shares into Participating Shares of another class (the "New Class") either existing or agreed by the Directors to be brought into existence.

If the determination of the Net Asset Value of the Original Class or the New Class is suspended beyond the day on which it would normally occur by reason of a suspension of net asset value as specified above, the right of the Applicant to have his Participating Shares converted will be similarly suspended and during the period of suspension he may withdraw his request for conversion. Any withdrawal of a request for conversion will only be effective if received by the Company or its duly authorised agent before termination of the period of suspension. If the request is not so withdrawn, the conversion of the Participating Shares will be made on the Dealing Day next following the end of the suspension.

The number of Participating Shares of the New Class to be allotted and issued on conversion will be determined by the Directors in accordance with the following formula (or as nearly as may be in accordance therewith so that the number of Participating Shares of the New Class to be allotted and issued is a multiple of one thousandth of a Participating Share):—

$$A = \frac{B \times C \times D}{E}$$

where:—

A is the number of Participating Shares of the New Class to be allotted;

B is the number of Participating Shares of the Original Class to be converted;

C is the redemption price per Participating Share of the Original Class ruling on the relevant Dealing Day;

D is the currency conversion factor determined by the Directors on the relevant Dealing Day as representing the effective rate of exchange between two relevant currencies where the assets of the Class Fund of the Original Class are denominated in a different currency to that of the New Class. Where the assets of the Class Fund of both classes are denominated in the same currency the currency conversion factor shall be 1; and

E is the subscription price per Participating Share for the New Class ruling on the relevant Dealing Day (including the Managers' reduced initial charge (as specified in the paragraph headed "Fees and Charges" above), if any).

5. Temporary Suspension of Valuations

The Directors may declare a suspension of the determination on any Dealing Day of the Net Asset Value of Participating Shares of any class in the event that:—

(i) by reason of the closure of or the suspension of trading on any market or stock exchange or for any other reason circumstances exist as a result of which, in the opinion of the Directors, it is not reasonably practicable on that Dealing Day fairly to determine the Net Asset Value of Participating Shares of the class concerned; or

(ii) a breakdown occurs in any of the means normally employed by the Directors in ascertaining the value of investments comprised within the relevant Class Fund or when for any other reason the Directors are of the opinion that they cannot reasonably ascertain the value of such investments or other assets of the Company comprised within the relevant Class Fund on the Dealing Day concerned.

No Participating Shares of the class to which the suspension relates may be issued (other than those which have already been allotted) nor may Participating Shares of such class be redeemed or converted during a period of suspension. In the event of suspension, a shareholder may withdraw his redemption or conversion notice provided that notice of such withdrawal is actually received before the termination of the period of suspension. Where the request is not withdrawn, the day on which the redemption or conversion of the Participating Shares will be effected will (if later than the day on which the redemption or conversion would otherwise have been effected if there had been no suspension) be the Dealing Day next following the end of the suspension. The Managers may exercise the power of suspension under the Management Agreement.

6. Rights on a Winding-up

In the event of the Company being wound up or dissolved, the Liquidator will apply the assets of the Company in satisfaction of creditors' claims in such manner and order as he thinks fit. The Liquidator will, in relation to the assets available for distribution among the members, make in the books of the Company such transfers thereof to and from Class Funds as may be necessary in order that the effective burden of such creditors' claims may be shared between the holders of shares of different classes in such proportions as the Liquidator in his absolute discretion may think equitable.

The assets available for distribution among the shareholders shall then be applied in the following priority:—

(i) in the payment to the holders of the Participating Shares of each class of a sum in the currency in which that class is designated or such other currency as the Liquidator may permit or prescribe generally or in relation to a particular class of Participating Shares or in any specific case as nearly as possible equal (at the rate of exchange prevailing in the London Foreign Exchange market at a time selected by the Liquidator which is within the 14 days preceding the date of such payment) to the nominal amount of the Participating Shares of such class held by such holders respectively provided that there are sufficient assets available in the relevant Class Fund to enable such payment to be made. In the event that, as regards any class of Participating Shares, there are insufficient assets available in the relevant Class Fund to enable such payment to be made, recourse shall be had:—

(a) to the assets of the Company not comprised within any of the Class Funds; and

(b) thereafter, to the assets remaining in the Class Funds for the other classes of Participating Shares (after payment to the holders of the Participating Shares of the classes to which they relate of the amounts to which they are respectively entitled under this paragraph (i)) pro rata to the total value of such assets remaining within each such Class Fund;

(ii) in the payment to the holders of the Nominal Shares of sums up to the nominal amount paid up thereon out of the assets of the Company not comprised within any of the Class Funds remaining after any recourse thereto under sub-paragraph (i)(a) above. In the event that there are insufficient assets as aforesaid to enable such payment in full to be made, no recourse shall be had to the assets comprised within any of the Class Funds;

(iii) in the payment to the holders of the Founders Shares of sums up to the nominal amount paid up thereon out of the assets of the Company not comprised within any of the Class Funds remaining after any recourse thereto under sub-paragraph (i)(a) above and after payment in full to the holders of the Nominal Shares under sub-paragraph (ii) above. In the event that there are insufficient assets as aforesaid to enable such payment in full to the holders of the Founders Shares to be made, no recourse shall be had to the assets comprised within any of the Class Funds;

(iv) in the payment to the holders of Participating Shares of each class of any balance then remaining in the relevant Class Fund, such payment being made in proportion to the number of shares of that class held;

(v) in the payment to the holders of Participating Shares of each class of any balance then remaining and not comprised within any of the Class Funds, such payment being made in proportion to the number of Participating Shares held.

7. Articles of Association

In addition to the provisions summarised above, or referred to elsewhere herein, the Articles contain provisions, inter alia, to the following effect:—

(a) Investment Restrictions

No investment shall be acquired which would immediately after the acquisition result in:—

(i) the value of the investments of any one Class Fund issued, made, accepted or guaranteed by any one issuer exceeding 10 per cent. of the value of the assets of such Class Fund; or

(ii) the total nominal amount of any one Class Fund's holding of any investment exceeding 10 per cent. of the total nominal amount of all issued securities of the same class in the corporation or other issuer in which such investment is held or made as determined immediately before such investment is acquired; or

(iii) the value of any one Class Fund's total holding of securities not listed or dealt in on a stock exchange (excluding holdings in any unit trusts or funds as specified below) exceeding 10 per cent. of the value of the assets of such Class Fund as determined immediately before such investment is acquired.

In addition, the total amount of one Class Fund's cash held on deposit with any one bank shall not exceed 10 per cent. of the value of the assets of such Class Fund.

Save as otherwise provided in the Articles, the Company shall not:—

1 acquire any real property;

2 sell short or purchase securities on margin;

3 acquire any investment which is or is an interest in a commodity or which confers a right to purchase a commodity;

4 acquire any units in a unit trust or shares in a mutual fund other than in unit trusts or mutual funds managed by the Managers provided that there shall be no increase in the total of initial monies or annual fees payable to the Managers arising from the acquisition and holding of such units or shares or any other costs or charges borne or to be borne by the Company. Not more than 10 per cent. of the assets of the Company will be invested in unit trusts or mutual funds. Any unit trust or mutual fund in which investment is made will be authorised in Hong Kong;

5 make or guarantee loans to third parties without the prior written consent of the Custodian. Loans may be made and the consent of the Custodian shall not be required where such loans consist of sums held on deposit with banks up to the limits specified in "Investment Restrictions" above or loans which are evidenced by marketable debt securities;

6 acquire any investment being a security of a class in a company or body if the directors and officers of the Managers or any of its associates collectively own more than 5 per cent. of those securities; or

7 acquire any securities of any class in a company if the directors and officers of the Managers individually own more than one half of one per cent. of the total nominal amount of all the issued securities of that class.

In some circumstances, the Company may seek to protect or enhance the value of a particular class of Participating Shares by the use of futures contracts. No call options upon investments may be written or sold in respect of any Class Fund unless they are covered by corresponding investments. In either case, the value of the futures contracts or call options shall not exceed 10 per cent. of the value of the assets of the relevant Class Fund.

(b) Qualified Holders

The Directors shall have power (but shall not be under any duty) to impose such restrictions as they may think necessary for the purpose of ensuring that no Participating Shares are acquired or held by any person in breach of any law or requirement of any country.

The Directors may upon an application for Participating Shares or at any other time and from time to time require such evidence to be furnished to them in connection with any such breach.

A person who, being subject to the laws of a country, becomes aware that he holds or owns Participating Shares in contravention of any law or requirement of that country shall forthwith deliver to the Company a Redemption Notice in respect of such Participating Shares or shall transfer such Participating Shares to a person qualified to hold the same.

If it shall come to the notice of the Directors that any Participating Shares are owned directly or beneficially by:—

(i) any person or persons in breach of any law or requirement of any country or governmental authority by virtue of which such person is not qualified to hold such shares; or

(ii) any person or persons in circumstances (whether directly or indirectly affecting such person or persons and whether taken alone or in conjunction with any other person or persons connected or not, or any other circumstances appearing to the Directors to be relevant) which, in the opinion of the Directors might result in the Company incurring any liability to taxation or suffering any other pecuniary disadvantages which the Company might not otherwise have incurred or suffered,

the Directors shall be entitled to give notice to any such person or persons requiring him to transfer such Participating Shares to a person who is qualified or entitled to own the same or to give a Redemption Notice to the Company in respect of such Participating Shares.

(c) Modification of Rights

Subject to the provisions of the Cayman Law, all or any of the special rights for the time being attached to any class of shares for the time being issued may (unless otherwise provided by the terms of issue of the shares of that class) from time to time (whether or not the Company is being wound up) be altered or abrogated with the consent in writing of the holders of not less than three-fourths of the issued shares of that class or with the sanction of an Extraordinary Resolution passed at a separate general meeting of the holders of such shares on the Register on the date on which notice of such separate general meeting is given.

To any such separate general meeting all the provisions of the Articles as to general meetings of the Company shall mutatis mutandis apply, but so that the necessary quorum shall be two members holding or representing by proxy not less than one-third of the issued shares of the class (but so that if at any adjourned meeting of such holders a quorum as above defined is not present, those holders of shares of the class who are present shall be a quorum), and that every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him and that any holder of shares of the class present may demand a poll.

The Company in general meeting or its Directors may at any time and from time to time confer on the holders of Participating Shares of any class such further rights or privileges in addition to those contained in the Articles as it or they may think fit without conferring such rights or privileges generally on the holders of all classes of Participating Shares provided that by so doing the rights of holders of any other class of shares as to one vote per share on a poll or dividend; redemption or return of capital on a winding-up or the application of the assets of the Class Fund relating to such class of Participating Shares are not thereby reduced or abrogated.

The special rights attached to any class of shares having preferential rights shall (unless otherwise expressly provided by the conditions of issue of such shares) be deemed not to be varied by:—

(i) the creation, allotment or issue of further shares ranking pari passu therewith;

(ii) the creation, allotment or issue of Founders Shares;

(iii) the creation of Unclassified Shares;

(iv) the allotment, issue or redemption of Participating Shares of any class;

(v) the conversion of Participating Shares of any class into Participating Shares of another class;

(vi) the allotment, issue or redemption of Nominal Shares;

(vii) the conversion of Nominal Shares into Participating Shares;

(viii) payment of a dividend on the Participating Shares of any other class where the dividend is paid out of the Class Fund of that other class; or

(ix) the exercise by the Directors of their discretion to suspend net asset value.

(d) Variation of Share Capital

The Company may from time to time by Special Resolution increase its share capital by such sum divided into shares of such amounts as the Resolution shall prescribe. All new shares shall be subject to the provisions of the Articles with reference to payment, transfer, transmission, forfeiture and otherwise.

Subject to the provisions of Cayman Law, the Company may by Special Resolution from time to time reduce its share capital in any way, and in particular, without prejudice to the generality of the foregoing power may—

(i) extinguish or reduce the liability on any of its shares in respect of share capital not paid up; or

(ii) with or without extinguishing or reducing liability on any of its shares:—

1 cancel any paid-up share capital which is lost, or which is not represented by available assets; or

2 pay off any paid-up capital which is in excess of the requirements of the Company;

and may, if and so far as is necessary, alter its Memorandum by reducing the amount of its share capital and of its shares accordingly.

The Company may by Special Resolution from time to time alter (without reducing) its share capital by:—

(i) consolidating and dividing all or any of its share capital into shares of a larger amount than its existing shares;

(ii) sub-dividing its shares, or any of them, into shares of a smaller nominal amount than that fixed by its Memorandum of Association; or

(iii) cancelling any shares which, at the date of the passing of the Special Resolution in that behalf have not been taken, or agreed to be taken, by any person, and diminish the amount of its share capital by the amount of the shares so cancelled.

(e) Directors' Remuneration

The Directors shall be entitled to such remuneration as may be determined by the Directors and approved by the Company in general meeting. Such remuneration shall be deemed to accrue from day to day. The Directors and any alternate Directors may also be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the Directors or any committee of the Directors or General Meetings of the Company or in connection with the business of the Company.

The Directors may in addition grant special remuneration to any Director who performs any special or extra services at the request of the Company.

(f) Directors' Interests

(i) A Director may hold any other office or place of profit under the Company (other than the office of Auditor) in conjunction with his office of Director on such terms as to tenure of office and otherwise as the Directors may determine.

(ii) No Director or intending Director shall be disqualified by his office from contracting with the Company either as vendor, purchaser or otherwise, nor shall any such contract or any contract or arrangement entered into by or on behalf of the Company in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relationship thereby established, but the nature of his interest must be declared by him at the meeting of the Directors at which the question of entering into the contract or arrangement is first taken into consideration, or if the Director was not at the date of that meeting interested in the proposed contract or arrangement, then at the next meeting of the Directors held after he becomes so interested, and in a case where the Director becomes interested in a contract or arrangement after it is made, then at the first meeting of the Directors held after he becomes so interested and the nature of such interest shall be reported in the next following Directors' Report. A general notice in writing given to the Directors by any Director to the effect that he is a member of any specified company or firm, and is to be regarded as interested in any contract which may thereafter be made with that company or firm, shall (if such Director shall give the same at a meeting of the Directors or shall take reasonable steps to secure that the same is brought up and read at the next meeting of the Directors after it is given) be deemed a sufficient declaration of interest in relation to any contract so made.

(iii) Save as provided in the Articles, a Director shall not vote in respect of any contract or arrangement or any other proposal whatsoever in which he has any material interest otherwise than by virtue of his interests in shares or debentures or other securities of or otherwise in or through the Company. A Director shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.

(iv) A Director shall (in the absence of some other material interest than is indicated below) be entitled to vote (and be counted in the quorum) in respect of any resolution concerning any of the following matters:—

1 the giving of any security or indemnity to him in respect of money lent or obligations incurred by him at the request of or for the benefit of the Company or any of its subsidiaries;

2 the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;

3 any proposal concerning an offer of shares or debentures or other securities of, or by, the Company for subscription or purchase in which offer he is or is to be interested as a participant in the underwriting or sub-underwriting thereof;

4 any proposal concerning any other company in which he is interested, directly or indirectly and whether as an officer, shareholder or otherwise, provided that he is not the holder of or beneficially interested in one per cent. or more of the issued shares of any class of such company (or of any third company through which his interest is derived) or of any of the voting rights available to members of the relevant company (any such interest being deemed for the purposes of this paragraph to be a material interest in all circumstances) and in the event that a Director shall exercise his right to vote in any of the aforementioned circumstances the fact that such Director has voted and the nature of the relevant material interest shall be reported in the next following Directors' Report.

(g) Borrowing Powers

Subject as provided in the Articles, the Directors may exercise all the powers of the Company to borrow money (including the power to borrow for the purpose of redeeming shares) and hypothecate, mortgage, charge, pledge or create a security interest over its undertaking, property and assets or any part thereof, and to issue debentures, debenture stock or other securities, whether outright or as collateral security for any debt, liability or obligation of the Company.

Provided that the Directors are satisfied that a right of set-off exists in the jurisdiction in which a lender is situate, the Directors may in pursuance of any borrowing arrangements for any Class Fund place on deposit with that lender and create a security interest, charge or hypothec in or over an amount out of the assets of that Class Fund upon terms providing for the repayment of the deposit at the same time or times (and, if more than once, so that on each occasion the proportion which the deposit bears to the loan is maintained) as the borrowing is repayable.

Borrowing by any Class Fund, excluding amounts borrowed in respect of which deposit is made as described in the preceding paragraph, shall be restricted so as to ensure that amounts outstanding from time to time do not exceed an amount equal to 25 per cent. of the value of the net assets of that Class Fund.

No person dealing with the Company shall by reason of the foregoing provisions be concerned to see or enquire whether this limit is observed, and no debt incurred or security given in excess of such limit shall be invalid or ineffectual unless the lender or the recipient of the security had, at the time when the debt was incurred or security given, express notice that the limit imposed had been or would thereby be exceeded.

(h) Indemnities

(i) The Directors, Secretary and other officers or servants for the time being of the Company shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses, which they or any of them or any of their heirs, administrators or executors shall or may incur or sustain by reason of any contract entered into or any act done, concurred in, or omitted in or about the execution of their duty or supposed duty in their respective offices or trusts, except such (if any) as they shall incur or sustain by or through their own wilful act, neglect or default respectively, and the amount for which such indemnity is provided shall immediately attach as a lien on the property of the Company and have priority as against the members over all other claims. None of the foregoing shall be answerable for the acts, deceits, neglects, or defaults of the other or others of them, or for joining in any deceit for the sake of conformity, or for any bankers, brokers, or other persons into whose hands any money or assets of the Company may come, or for any defects of title of the Company to any property purchased, or for insufficiency or deficiency of or defect of title of the Company to any security upon which any monies of or belonging to the Company shall be placed out or invested, or for any loss, misfortune or damage resulting from any such cause as aforesaid, or which may happen in the execution of their respective offices or trusts, or in relation thereto, unless the same shall happen by or through their own wilful act, neglect or default respectively.

(ii) The Manager and the Custodian shall be entitled to such indemnity from the Company upon such terms and subject to such conditions and exceptions and with such entitlement to have recourse to the assets of the Company with a view to meeting and discharging the cost thereof as shall be provided under the Management Agreement and the Custodian Agreement (as applicable) provided that no such indemnity shall extend to any matters arising from their own wilful act, neglect or default.

(i) Unclaimed Dividends

Dividends unclaimed after a period of 12 years from the date when they first became payable shall be forfeited automatically and revert to the Company.

8. Directors

(a) There are no existing or proposed service agreements between the Company and any of its Directors.

(b) The maximum aggregate amount of Directors' fees is $2,500 per annum divisible amongst the Directors as they may agree.

(c) There is no share qualification for the Directors.

(d) There are no provisions requiring a Director to retire at a certain age.

9. Report of the Auditors of the Company

The following is a copy of a report from the Company's auditors to the Directors:—

Peat, Marwick, Mitchell & Co.,
Equity & Law House,
La Motte Street,
St. Helier,
Jersey,
Channel Islands

The Directors,
Scimitar Worldwide Selection Fund Limited,
Cayman International Trust Building,
P.O. Box No. 309,
Grand Cayman,
Cayman Islands,
British West Indies.

11th April, 1986

Dear Sirs,

Scimitar Worldwide Selection Fund Limited was registered under the laws of the Cayman Islands on 18th March, 1986. As at the date of this letter, it has not commenced business and, accordingly, no accounts have been prepared and no dividends have been declared or paid.

Yours faithfully,
PEAT, MARWICK, MITCHELL & CO.,
Chartered Accountants.

10. Material Contracts

The following contracts which are or may be material have been entered into otherwise than in the ordinary course of business:

(a) Management Agreement dated 20th March, 1986 between (1) the Company and (2) the Managers under which the Company has appointed the Managers (subject to the overall supervision of the Directors and with full powers of delegation) to manage the Company's investments and its administrative affairs and act as Secretary and Registrar. Details of the fees payable to the Managers are set out under "Fees and Charges" above. [illegible]

(b) Custodian Agreement dated 20th March, 1986, between (1) the Company (2) the Managers and (3) the Custodian under which the Custodian was appointed custodian of the Company's assets and is paid a fee detailed under "Fees and Charges" above. [illegible]

(c) Investment Advisory Agreement dated 20th March, 1986, between (1) the Company, (2) the Managers and (3) Scimitar Asset Management Limited as Investment Adviser whereby investment advice is provided by the latter. [illegible]

(d) Hong Kong Representative Agreement dated 20th March, 1986 between (1) the Company and (2) the Hong Kong Representative whereby the latter is appointed the representative of the Company and as its agent in relation to administrative matters in Hong Kong. [illegible]

11. Miscellaneous

(a) The Company is not engaged in any litigation and the Directors are not aware of any litigation or claims pending or threatened against the Company.

(b) The Company does not own any freehold or leasehold property and has not established any place of business in Great Britain. It has no subsidiaries or employees.

(c) Save as disclosed in "Fees and Charges", no commissions, discounts, or brokerages will be paid by the Company in connection with the issue or sale of any capital of the Company.

(d) [illegible]

(e) [illegible]

(f) [illegible]

(g) [illegible]

(h) [illegible]

(i) [illegible]

(j) [illegible]

(k) [illegible]

(l) No capital of the Company is under option or agreed conditionally or unconditionally to be put under option.

(m) Sir Ronald Leach GBE, and Oliver J. C. Oakes are Directors of the Custodian, which is a party to the Custodian Agreement. [illegible]

(n) None of the Directors has an interest in the share capital of the Company which would be required to be shown in a register maintained under the provisions of the Companies Act 1985 of Great Britain if the Company were subject to the provisions of that Act.

(o) [illegible]

(p) [illegible]

(q) Clearance under Section 464 of the Income and Corporation Taxes Act 1970 that the provisions of Section 460 of that Act (cancellation of tax advantages arising from certain transactions in securities) will not apply has been given by the United Kingdom Board of Inland Revenue in relation to the issue, conversion and redemption of shares by the Company.

(r) It is the intention of the Directors to seek a listing for additional Participating Shares as appropriate.

(s) No amount or benefit has been given or paid (or is intended to be given or paid) to any promoter.

(t) No part of the initial offer of Shares is underwritten.

(u) Legal or management control of underlying investments will not be taken.

12. Documents available for inspection

Copies of the following documents:—

(a) the Memorandum and Articles of Association of the Company;

(b) the material contracts referred to in paragraph 10 above;

(c) the Companies Law Cap. 22 of the Cayman Islands as amended;

(d) the Auditors' report referred to in paragraph 9 above and their letter of consent referred to in paragraph 11 above;

may be inspected during usual business hours on any weekday (Saturdays and public holidays excepted) at the following offices:—

(i) in Jersey: The Managers, P.O. Box 330, Standard Chartered House, Conway Street, St. Helier, Jersey, Channel Islands;

(ii) in London: Linklaters & Paines, 59–67 Gresham Street, London EC2V 7JA, until 2nd May, 1986;

(iii) in Hong Kong: Slaughter and May, 27th Floor, Two Exchange Square, Hong Kong.

Dated 11th April, 1986.

APPLICATION PROCEDURES

1. General

(a) Application may be made either by telex or on the Application Form. Applicants are advised to apply by telex wherever possible to avoid delay in the allotment of their Participating Shares.

(b) Contract notes confirming the allotment of Participating Shares are despatched as soon as possible. Share certificates will be despatched at the applicant's risk within 28 business days of allotment. No temporary documents of title will be issued.

(c) Dealing Days will be any business day in Jersey.

(d) The minimum initial subscription will be $10,000 and may be subdivided into Participating Shares of an individual Class Fund with a minimum holding of $2,500 or its equivalent in sterling or ECU in any Class Fund. Subsequent applications by existing holders for Participating Shares of the same class may be made for a minimum of $2,500 or its equivalent in sterling or ECU. Smaller applications will be allowed at the Managers' discretion.

(e) The Company reserves the right to reject an application in whole or in part in which event the application monies or any balance thereof will be returned to the applicant by post at the applicant's risk.

(f) Foreign exchange transactions: where payments in respect of allotment or redemption of Participating Shares are tendered or requested in a currency other than that in which the Participating Shares concerned are designated, the necessary foreign exchange transactions may be arranged by the Managers on behalf of and for the account of the applicant or shareholder without responsibility with respect to either the Company or the Managers.

(g) **All applications to the Managers should be in English failing which they will only be implemented at the Managers' discretion. Applications to the Hong Kong Representative may be in either English or Chinese.**

2. Telex applications

(a) Telex applications should be worded in the same way as the application form. (Telex number: 4192013).

(b) In addition, an applicant must instruct his bank to make the payment referred to in the telex for value on a specified date prior to 2nd May, 1986, as follows:

"Please pay the sum of *(state amount and currency)* by telegraphic transfer to *(state name and address of Correspondent Bank and account number)* for the account of Standard Chartered Bank (C.I.) Limited re Scimitar Worldwide for value on *(state date)*."

A list showing details of Correspondent Banks and account numbers to be used for the various currencies is set out below.

3. Written applications

The Application Form should be completed and sent with a remittance in the currency as listed above for an appropriate amount by cheque or bankers draft payable to Scimitar Asset Management (C.I.) Limited. Alternatively, payment may be made by telegraphic transfer on the terms as set out in paragraph 2(b) above.

Hong Kong residents may send their completed applications, together with subscription moneys, to the Hong Kong Representative. Except where shares are bought over the counter, payment should be made by cheque or bank draft (made payable to Standard Chartered Bank and crossed "A/c Payee Only, Not Negotiable"). No cash should be paid to any salesman.

Cleared funds are required to be received before being invested. It should be noted that cheques, particularly for currencies other than sterling, may take a considerable time to clear and applications will not be dealt with until notification is received from the Company's bankers that the cheques have been cleared.

Payment by Telegraphic Transfer

Payment by Telegraphic Transfer only may be made to the Correspondent Banks detailed below. Such payments may be for any of the Class Funds and must be supported by a direct telex application.

Sterling
STANDARD CHARTERED BANK
King William Street Branch,
73-79 King William Street,
London EC4N 7AB.
Telex 885951 (SCBL G)
Account: Standard Chartered Bank (C.I.) Ltd *re* Scimitar Worldwide No. 11252162

Hong Kong Dollars
STANDARD CHARTERED BANK
GPO Box 21,
4-4A DesVoeux Road,
Central, Hong Kong.
Telex 73230, 74750 or 83183 SCHN
Account: Standard Chartered Bank (C.I.) Ltd *re* Scimitar Worldwide No. 100-8-27-6-517-0

US Dollars
STANDARD CHARTERED BANK
New York Branch,
160 Water Street,
New York, U.S.A.
Telex 62621 or 232120 SCBNYC
Telex 62621 or 232120 (START UR)
Account: Standard Chartered Bank (C.I.) Ltd *re* Scimitar Worldwide No. 21-1703453-01

Yen
STANDARD CHARTERED BANK
Fuji Building,
2-3 Marunouchi 3-Chome,
Chiyoda-Ku, Tokyo 100-91.
Telex J22484 SCBTOK
Account: Standard Chartered Bank (C.I.) Ltd *re* Scimitar Worldwide No. 01-1360825

Deutschemarks
STANDARD CHARTERED BANK
Hamburg Branch,
Domstrasse 10,
2000 Hamburg 1,
Telex 218-33771 (SCBH D)
Account: Standard Chartered Bank (C.I.) Ltd *re* Scimitar Worldwide No. 01-750-771201

Contract Notes and Certificates: Contract Notes will be sent to applicants or their agents showing details of each transaction. Any applicant who has not given the necessary status and residence declaration will be required to complete and return an application form to the Managers within one month. Certificates representing the Participating Shares issued will normally be despatched within 28 business days of allotment. However, they will not be issued before the Managers have received a satisfactory declaration. If no declaration is received within one month after the relevant Dealing Day, the Company may cancel the allotment.

Scimitar Worldwide Selection Fund Limited

Scimitar Worldwide Selection Fund Limited Application Form

Agents Stamp

To: Scimitar Worldwide Selection Fund Limited.
Scimitar Asset Management (C.I.) Limited,
P.O. Box 330,
Standard Chartered House,
Conway Street,
St. Helier, Jersey,
Channel Islands,
Tel.: (0534) 34373 or 34387
Telex: 4192013

For Hong Kong and Far East Residents only
Scimitar Worldwide Selection Fund Limited,
Standard Chartered Bank,
Securities Department,
GPO Box 21,
Central,
Hong Kong
Tel.: 5-8422321 or 5-8422322 (English)
5-8422675 or 5-8422734 (Chinese)
Telex: 73230

I/We hereby acknowledge that I/we have received a Prospectus dated 11th April 1986 relating to Scimitar Worldwide Selection Fund Limited (the "Company") and that this application is made on the terms thereof and subject to the provisions of the Memorandum and Articles of Association of the Company.

I/We apply to invest in the Company the amounts entered below in the class/classes of Participating Shares indicated.

Equity Class Funds		Bond Class Funds	
American	$	U.S. Dollars	$
European	$	Zero Coupon	$
Japanese	$	Sterling	£
Pacific Basin	$	European Currency Unit	ECU
Worldwide	$	Worldwide	$

For this purpose I/we enclose a remittance for .... (see Note 1) payable to Scimitar Asset Management (C.I.) Limited.

I/We request that the Participating Shares be registered in my/our name(s). (If Shares are to be registered in any other name(s) details should be provided).

I/We hereby declare that the Participating Shares are not being acquired directly or indirectly by a U.S. Person (See Note 2) nor in violation of any applicable law and that they will not be owned beneficially by a resident of the Cayman Islands.

Please tick the box provided where applicable:
I am/We are resident in Jersey ☐
I/We elect for all dividends declared or paid on Participating Shares held by me/us to be reinvested in further Participating Shares of the same class ☐
I/We do not wish to receive dividends in the designated currency of the class of Participating Shares AND wish payments to be made to me/us in another freely convertible currency, namely:— .... ☐
(The Managers will arrange the purchase of the currency of your choice at your expense)
I/We request you to forward the certificates to either the first named applicant below ☐
or the agent named below ☐
or the bank and branch named below ☐
I/We hereby request that all dividends payable on Participating Shares registered in my/our name be forwarded to either the first named applicant below ☐
to the agent named below ☐
or the bank named below ☐

Agent's name.. Bank's name ....
Address.. Branch..
.... Address ....
.... Account name..
.... Account number..

Applicants should complete the sections provided below and if there are joint Applicants **ALL MUST SIGN.** The application form may be signed by a duly authorised Agent of the Applicant(s). A contract note confirming allotment of Participating Shares will be despatched to the first named Applicant.

(PLEASE USE BLOCK LETTERS)

1 Name of Applicant (in full).. 2 Name of Applicant (in full)..
Address.. Address..
Signature............................ Date............ Signature............................ Date............
3 Name of Applicant (in full).. 4 Name of Applicant (in full)..
Address.. Address..
Signature............................ Date............ Signature............................ Date............

Registration Particulars

Participating Shares will be registered in the name(s) of the Applicant(s) overleaf unless this section is completed. All communications will be sent to the first named registered holder. If there are to be joint registered holders, all must be named in this form. Shares may not be registered in the name of:—

(i) Any person under the age of 18
(ii) Any partnership, trust or executorship
(iii) Any unlimited society or association.

(PLEASE USE BLOCK LETTERS)

1 Name of Applicant (in full).. 2 Name of Applicant (in full)..
Address.. Address..
3 Name of Applicant (in full).. 4 Name of Applicant (in full)..
Address.. Address..

Nominee Facility
I/We wish our shareholding to be registered in the name of Scimitar Nominees (C.I.) Limited ☐

NOTES

1. The minimum initial investment is $10,000 or its equivalent in sterling or ECU. The minimum investment per Class Fund is $2,500 or such equivalent. Payment may be made in any freely convertible currency in which case the necessary foreign exchange transaction will be arranged at the Applicant's expense.

2. As used herein, "United States" means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction and "U.S. person" means a citizen or resident of the United States, a corporation, partnership or other entity created or organized in or under the laws of the United States and an estate or trust the income of which is subject to United States federal income taxation regardless of its source.

If you are unable to make this declaration, you may still be able in certain circumstances to subscribe for Participating Shares, but you should contact the Managers for details first.

Woolworth hits out at Dixons

BY TERRY GARRETT

THE brickbats continued to fly over the weekend in the battle for control of Woolworth Holdings, which is fighting off an unwanted £1.65bn bid from Dixons.

Mr Geoff Mulchay, Woolworth chief executive, said yesterday of Dixons: "Nothing they have said convinces us that they have any understanding of the differences between our businesses and their chains of small electrical shops."

The bid is "timed to capitalise on the hard work we have already undertaken and to enable Dixons to share in the benefits at your expense," he added.

Mr Mulchay has written to shareholders setting out details of "Operation Focus," the plan to build on six key areas of merchandise which he is confident "will significantly improve the performance" of the core Woolworth chain.

The group admitted that the future of 23 stores, out of a total of 850, was under review following a comprehensive study of the group's catchment areas, but these were only stores where the location or size was wrong for the market.

The Woolworth camp was also questioning Dixons' plans for store closures should they be successful in winning control of the giant High Street chain.

While the defence is at pains to keep the fight on the real issues of the strategy for the stores both in their content and number, the appointment of a good manager to implement the strategy remains an open question.

The key position had recently been offered to Mr Tony Dignum, who was with H. Samuel, but at the end of last week Dignum joined Dixons as a director of corporate planning. Although this was interpreted as a blow to the Woolworth directors, they were saying last night that he would not have been hired anyway.

Extel chief fires salvo in Demerger bid battle

BY TERRY GARRETT

Mr Alan Brooker, chairman of Extel Group, has written to shareholders over the weekend claiming that the Demerger Corporation's £170m bid is based on "fundamental misunderstandings of Extel's business and markets."

He also takes Demerger (DMC) to task over its offer document which he says "contains many errors and inaccuracies which demonstrate DMC's poor judgement and a disquieting level of ignorance of the realities."

Much of the debate has centred on increased competition to Extel's sporting services operations. Mr Brooker argues that DMC's understanding of the nature of the competition facing Extel "is at best naive." The letter goes on to state that its systems are not under threat from the Press Association or a new televised racing service run by Ladbroke and Mecca, as DMC suggests.

Mr Peter Earl, of Demerger, quickly shot back a reply yesterday: "They haven't got a clue." he said.

"The Press Association launched a racing results service in February. It is a computerised system and still in a trial period. The Times is taking it." Mr Earl is also less sanguine about the Ladbroke / Mecca cable television system developed for their own outlets than Extel, which has retained Coral and Hill among the major client chains.

As Friday's closing date for the 400p a share offer looms, Extel has not made (and now must not make) a profit's forecast for the year to the end of last month. But Mr Brooker said in his letter: "The year just ended has proved a rewarding one."

At the halfway stage the group's profits had slipped by 4 per cent to £5m, although outside analysts are looking for some improvement and are predicting profits of around £12½m compared to £10.9m pre-tax for the year.

Both camps were in confident mood yesterday about the outcome of the battle, with Mr Brooker saying "it seems to be going our way" and Mr Earl, "sensing support for our proposals." It could be a close run thing, however. On Friday Extel's prices slipped 5p below the value of DMC's cash offer.

Charles Batchelor looks at Guthrie, which plans a listing in June

A return in a different guise

FOR MORE than a century the elephant was the proud symbol of the trading and plantation empire which Alexander Guthrie founded in Singapore in 1821. In recent years the elephant has been replaced by a stylised letter G of the type beloved by the designers of corporate logos; the plantations have been taken over by the Malaysian government; and the trading interests have come to form only a minor part of Guthrie's business.

Guthrie's recent history has reflected the shifts in power and wealth which have brought much of the plantation sector, for long a boom area of the London stock market, under Far Eastern control. Nevertheless, Guthrie's plans for a public listing in June demonstrate the durability of the companies themselves.

To be sure, Guthrie will return in a very different guise and under an almost completely new management. It now embraces an assortment of industrial businesses hastily assembled by previous managements over the past 20 years.

This diversified clutch of companies was put together initially in an attempt to diversify out of rubber plantations and then, in the early 1980s, in an effort to ward off a threatened takeover from rival plantation group Sime Darby.

In the event, it was *Permodalan Nasional*, the Malaysian government company set up to increase local involvement in foreign-owned businesses, which acquired Guthrie in a dramatic "dawn raid" in 1981. A few months later the rubber plantations were taken into direct government control.

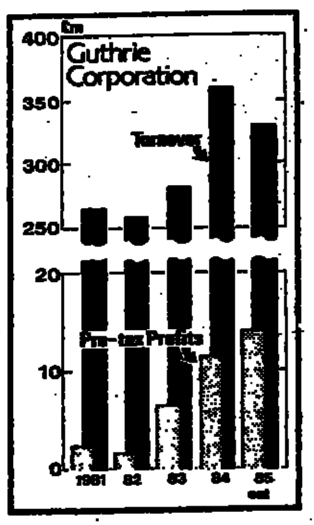
Mr Jock Green-Armytage, the architect of the share raid arranged by merchant bankers, N. M. Rothschild, was brought in to organise the rump of Guthrie's industrial operations. Most outsiders assumed they would be split up and sold off.

They comprised carpet operations acquired in the late 1960s as an apparently logical extension of the existing underlay business, companies making industrial heating equipment bought as part of a move into electrical engineering in the 1970s, and Angus Fire Armour and the Page aviation group, both added in the early 1980s.

"We agreed it would be sensible to run these businesses as an independent entity to assess the future," says Green-Armytage. "The Malaysians decided to take a long-term view and invest to give it a future and possible flotation."

After removing the plantation business, which accounted for about £230m of Guthrie's total net assets of £285m, a far smaller company was left. While the Malaysians did not inject new capital into the industrial rump they were prepared to leave in their dividends to finance a limited expansion.

Jock Green-Armytage, managing director of Guthrie Corporation



Guthrie nonetheless began life, after the removal of the plantations in 1982, with borrowings of £41m amounting to 71 per cent of shareholders' funds. This gave the new management little room for manoeuvre. Borrowings have since fallen by about a quarter to £29m, though as a proportion of shareholders' funds they have dropped by about half to 36 per cent. Net assets have risen from £61m in 1982 to about £83m in 1985.

Green-Armytage, then aged only 36, set about reorganising Guthrie. The London-based management team was cut back to about 30 people, who now occupy a single floor in a modern office block overlooking Petticoat Lane in London's East End. Two other executives were appointed; Norman Wood as finance director and Carl Openshaw as executive director. Wood, now 59, is a former senior partner of accountants Price Waterhouse in Malaysia while Openshaw, 47, had been company secretary of Guthrie before the Malaysian takeover.

Many Guthrie executives left, refusing to believe there was any future for the company without its plantations. The old trading company structure involving a myriad of intermediary holding companies was cleaned up. The present industrial companies have a fair degree of autonomy but Green-Armytage is in almost daily touch, preferably by telephone, and he also spends a lot of time visiting the operations.

A lot of peripheral businesses have been sold. The ill-fated move into carpets coincided with a slump in demand and fierce Continental competition. The last of the British carpet companies was sold in 1982 though a profitable Australian operation has been retained. A Canadian highway trailer business and a US water softener company were sold, as were operations in South Africa and Zimbabwe.

Though funds were very tight a series of small acquisitions was begun to fill in gaps in the range. A company providing contract maintenance and refuelling services to airlines at a number of US airports was bought to add to Page and an electronic protection business.

The new management began to invest in new plant and equipment. It bought machinery to allow Duralay to grind tyres to provide raw materials for its underlays and opened a sponge underlay plant near Manchester. Before the Malaysian takeover the pace of acquisitions and the need to boost profits as a bid defence meant little had been spent on these businesses.

The result of these efforts was to push pre-tax profits from a low of £1.73m in 1982 to an estimated £14m last year. Turnover rose from £257m to about £330m.

Guthrie now comprises five main divisions:—

● Aviation services. Page provides ground handling facilities to airlines at 12 US airports, has an aircraft broking business and installs luxury aircraft interiors. It made an operating profit of £6.9m on sales of £134m in 1984.

● Electrical Equipment. Ajax Magnathermic makes induction heating equipment for use in steel mills while Trench Electric makes high voltage coils. Profits were £3.6m on sales of £62m.

● Fire fighting equipment. Angus Fire Armour made a profit of £3.6m on sales of £55m.

● Metal and plastic stampings for North American car makers. Profits were £1.6m on sales of £39m.

● Textiles and floor coverings. Duralay makes underlays in the UK while two other companies make carpets and towels in Australia. Profits were £2m on sales of £51m.

Green-Armytage admits there is not a lot of logic to the group's various interests, beyond a concentration on high-value, high-margin products. Nevertheless, he argues, well-managed conglomerates have their place and many companies which apparently concentrate on one product have, on closer inspection, a variety of interests.

Sedgwick talks off

Sedgwick Group, Britain's largest independent insurance broker, and Bayly, Martin and Fay International, the eighth largest US broker, have terminated their talks which could have led to a merger of the US broker with interests of Sedgwick.

Foundry loss hits Richards

A LOSS in the foundry division in the second half of 1985 has held back the recovery rate at Richards (Leicester), structural and mechanical engineer and ironfounder.

Group profit in that period was only £20,000 to make £164,000 for the year—a shortfall on expectations. Losses were incurred in the previous four years with the 1984 deficit at £459,000.

However, with a tax credit of £38,000 (£43,000) the net profit for the year comes to £202,000 (loss £416,000) for earnings of 10.1p (loss 20.9p) per share.

Following the return to the dividend list (after a year's absence) with the 1p interim, the directors are recommending a final of 2p.

The foundry side to date in the current year is operating profitably. Production efficiency has improved markedly and provided demand does not fall off in the coming months, there was good prospects of a better performance than in recent times.

In the engineering division, a substantial proportion of work being carried out is short term obtained on slender margins, and benefits of the more substantial contracts are unlikely to come through until the second half. There was a considerable reduction in borrowings last year and this trend should continue.

Turnover in 1985 rose from £6.22m to £7.32m.

FINANCIAL DIARY FOR THE WEEK

The following is a record of the principal business and financial engagements during the week. The board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concerned are interims or finals. The sub-divisions shown below are based mainly on last year's timetable.

TODAY
COMPANY MEETINGS—
[illegible]
BOARD MEETINGS—
[illegible]
DIVIDEND & INTEREST PAYMENTS—
[illegible]
TOMORROW
[illegible]
WEDNESDAY APRIL 16
[illegible]
THURSDAY APRIL 17
[illegible]
FRIDAY APRIL 18
[illegible]
SATURDAY APRIL 19
[illegible]
SUNDAY APRIL 20
[illegible]

LADBROKE INDEX
1,111-1,113 (unchanged)

FINANCIAL TIMES STOCK INDICES

	April 11	April 10	April 9	April 8	April 7	April 4	1986 High	1986 Low	Since Compilation High	Since Compilation Low
Government Secs.	93.38	93.20	93.30	93.09	91.78	91.47	93.38	80.39	127.4	49.18
Fixed Interest	97.10	96.87	97.04	96.66	96.07	96.97	97.10	86.56	150.4	50.53
Ordinary	1411.9	1401.5	1376.5	1388.1	1400.1	1420.9	1425.9	1094.3	1425.9	49.4
Gold Mines	278.1	281.8	282.7	288.0	290.0	290.8	357.0	257.5	734.7	43.5
FT-Act All-Share	825.53	822.62	811.39	816.36	822.46	832.36	832.39	664.42	838.39	61.92
FT-SE100	1694.1	1690.3	1659.0	1675.7	1688.5	1709.7	1717.6	1370.1	1717.6	986.9

RECENT ISSUES

EQUITIES

Issue price	Amount paid up	Latest Renunc. date	1986 High	1986 Low	Stock	Closing price	+or-	Net Div.	Times covered	Gross Yield	P/E Ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1986 High	1986 Low	Stock	Closing price £	+or-
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

RIGHTS OFFERS

Issue price	Amount paid up	Latest Renunc. date	1986 High	1986 Low	Stock	Closing price	+or-
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. [illegible]

PENDING DIVIDENDS

Dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements except where the forthcoming board meetings (indicated thus*) have been officially notified. Dividends to be declared will not necessarily be at the amounts in the column headed "Announcement last year."

Date	Announcement last year	Date	Announcement last year
[illegible]	[illegible]	[illegible]	[illegible]

* Board meeting intimated. † Rights issue since made. ‡ Tax free. § Scrip issue since made. ¶ Forecast.

BOARD MEETINGS

TODAY
Interims:— [illegible]
Finals:— [illegible]
FUTURE DATES
Interims:— [illegible]
Finals:— [illegible]

SHARE STAKES

Changes in company share stakes announced over the past week include:

British Home Stores—C. J. Kerr, director, has sold on exercise of option 30,000 shares at 357p.

Meggitt Holdings—H. N. P. McCorkell, director, has disposed of 25,000 ordinary shares at 125½p and now holds 512,499 shares (0.86 per cent).

Reuters Holdings—G. Renfrew, director, has disposed of 150,000 "B" ordinary limited voting shares at 434p and now holds 1,341,128 shares (0.43 per cent).

Crest Nicholson—G. R. Fox, director, has sold 171,600 ordinary shares (nil paid rights) at 29p.

Over-the-Counter Market

Capitalisation £000's	Company	Price	Change on week	Gross div.(p)	Yield %	P/E Actual	P/E Fully taxed
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

ISSUES OF GOVERNMENT STOCK

The Bank of England announces that Her Majesty's Treasury has created on 11th April 1986, and has issued to the Bank, additional amounts as indicated of each of the Stocks listed below:

£100 million 2½ per cent Exchequer Stock, 1990
£100 million 9¾ per cent Conversion Stock, 2001
£100 million 7¾ per cent Treasury Loan, 2012-2015
£100 million 2½ per cent Index-Linked Treasury Stock, 2016

The price paid by the Bank on issue was in each case the middle market closing price of the relevant Stock on 11th April 1986 as certified by the Government Broker.

In each case, the amount issued on 11th April 1986 represents a further tranche of the relevant Stock, ranking in all respects pari passu with that Stock and subject to the terms and conditions applicable to that Stock, and subject also to the provision contained in the final paragraph of this notice; the current provisions for Capital Gains Tax are described below.

Copies of the prospectuses for 2½ per cent Exchequer Stock, 1990 dated 17th January 1986, 10¼ per cent Treasury Convertible Stock, 1987 dated 27th May 1983 (which contained the terms of issue of 9¾ per cent Conversion Stock, 2001), 7¾ per cent Treasury Loan, 2012-2015 dated 21st January 1972 and 2½ per cent Index-Linked Treasury Stock, 2016 dated 14th January 1983 may be obtained at the Bank of England, New Issues, Watling Street, London EC4M 9AA.

Application has been made to the Council of The Stock Exchange for each further tranche of stock to be admitted to the Official List.

The Stocks are repayable, and interest is payable half-yearly, on the dates shown below (in the case of 2½ per cent Index-Linked Treasury Stock, 2016 provision is made in the prospectus for stockholders to be offered the right of early redemption under certain circumstances):

Stock	Redemption date	Interest payment dates
2½ per cent Exchequer Stock, 1990	22nd November 1990	22nd May 22nd November
9¾ per cent Conversion Stock, 2001	10th August 2001	10th February 10th August
7¾ per cent Treasury Loan, 2012-1015	26th January 2015, or on or at any time after 26th January 2012 subject to not less than three months' notice	26th January 26th July
2½ per cent Index-Linked Treasury Stock, 2016	26th July 2016	26th January 26th July

2½ per cent Exchequer Stock, 1990, 9¾ per cent Conversion Stock, 2001 and 7¾ per cent Treasury Loan, 2012-2015 are repayable at par.

Both the principal of and the interest on 2½ per cent Index-Linked Treasury Stock, 2016 are indexed to the General Index of Retail Prices. The Index figure relevant to any month is that published seven months previously and relating to the month before the month of publication. The index figure relevant to the month of issue of 2½ per cent Index-Linked Treasury Stock, 2016 is that relating to May 1982 (322.0). The relevant index figure will be used for the purposes of calculating payments of principal and interest due in respect of the further tranche of Stock.

The relevant Index figures for the half-yearly interest payments on 2½ per cent Index-Linked Treasury Stock, 2016 are as follows:

Interest payable	Relevant Index figure: Published in	Relevant Index figure: Relating to
January	June of the previous year	May
July	December of the previous year	November

The further tranche of 2½ per cent Exchequer Stock, 1990 will rank for the interest payment of £0.8220 per cent to be made on 22nd May 1986. The further tranches of 9¾ per cent Conversion Stock, 2001, 7¾ per cent Treasury Loan, 2012-2015 and 2½ per cent Index-Linked Treasury Stock, 2016 will rank for a full six months' interest on the next interest payment date applicable to the relevant Stock.

2½ per cent Exchequer Stock, 1990 will be specified, and 9¾ per cent Conversion Stock, 2001 7¾ per cent Treasury Loan, 2012-2015 and 2½ per cent Index-Linked Treasury Stock, 2016 are specified, under paragraph 1 of Schedule 2 to the Capital Gains Tax Act 1979 as gilt-edged securities (under current legislation exempt from tax on capital gains on disposals made on or after 2nd July 1986, irrespective of the period for which the Stocks are held).

Government Statement

Attention is drawn to the statement issued by Her Majesty's Treasury on 29th May 1985 which explained that, in the interest of the orderly conduct of fiscal policy, neither Her Majesty's Government nor the Bank of England or their respective servants or agents undertake to disclose tax changes decided on but not yet announced, even where they may specifically affect the terms on which, or the conditions under which, these further tranches of stock are issued or sold by or on behalf of the Government or the Bank; that no responsibility can therefore be accepted for any omission to make such disclosure; and that such omission shall neither render any transaction liable to be set aside nor give rise to any claim for compensation.

BANK OF ENGLAND, LONDON 11th April 1986

UK COMPANY NEWS

Iraq problems hit Conder

CONTINUING problems over debt collection in Iraq, aggravated by the deterioration in the war situation, have caused Conder Group, the steel-framed buildings concern, to make a further provision of £500,000 against profits.

As a result, pre-tax profits in 1985 came out at £502,000, against £383,000 before, but the directors say that even without this provision the result is far from satisfactory. This was because of substantial excess contract costs at Conder Structures and further heavy spending on the computerised drawing system.

The dividend, however, is being increased from 1.5p to 1.75p net with a final of 1p. Earnings per 25p share were 7p (2p) before extraordinary items and 5p (3p) after.

The directors report that Conder has still not succeeded in eliminating all the losses which continue to drain away its profits. This will affect first-half results, although a marked improvement is anticipated in the second half.

Turnover for 1985 rose from £110.14m to £123.2m, while taxable results were after a share of related companies' losses of £51,000 (£234,000 profits). There was a tax credit of £65,000 (charge £167,000) giving net profits ahead from £196,000 to £567,000.

Extraordinary and minority debits took £156,000 (added £64,000) and comprised a loss on a secured loan.

Reviewing each operation, the directors say that at Conder Structures turnover was some £47m, but poor results were achieved in spite of a relatively buoyant market.

Conder projects made satisfactory profits on £46m turnover, while good results were achieved in the two main product divisions of Conder Products where turnover was £12m. Clearwater incurred a loss due to exceptional factors following recent restructuring.

Squirrel Horn

Sugar confectionery, toffee chocolate maker Squirrell Horn has reduced its loss from £284,000 to £140,000 in 1985, and is returning to the dividend list after 18 months absence. There is a final and only payment of 0.125p net.

Turnover improved from £6.19m to £6.63m. There is a tax credit of £9,000 (charge £14,000) to leave the loss per share at 2.56p (5.85p).

Reabrook boost in second half

Second-half profits from Reabrook Holdings, chemical and industrial aerosol manufacturer, rose from £315,000 to £564,000. This gives the group £1.02m pre-tax for the whole of 1985, an advance of 85 per cent over the previous £550,000.

Earnings are almost doubled at 7.29p (3.73p) per share, and the dividend is raised from 1.9p to 2.5p net with a final of 1.7p.

Turnover in the year was up from £10.96m to £12.53m and the operating profit from £683,000 to £1.19m. The tax charge is £472,000 (£270,000) leaving the net profit at £547,000 (£280,000).

F. & C. Pacific

F. & C. Pacific Investment Trust increased net asset value from 196p to 207.1p in the year ended January 31, 1986. Earnings per 25p share however, fell from 4.47p to 2.61p.

Total revenue dropped to £3.45m, against £4.71m, including franked income of £547,000 (£1.96m). After tax of £893,000 (£1.43m) available revenue was down £1m to £1.36m.

A final dividend of 0.9p, plus a special 1p makes a total for the year of 2.5p (3.75p) net.

Oilfield Inspection

USM quoted Oilfield Inspection Services Group raised pre-tax profits from £253,000 to £911,000 in 1985. A final dividend of 1p net doubles the year's payment to 2p. Earnings per 20p share were 7.1p (2.3p).

Platignum ahead

Including a first time contribution from John Barr and a better-than-anticipated performance from the pen division profits of Platignum improved by £200,000 to £302,000 pre-tax in the year to January 31, 1986.

The current year started on a mixed note. Sales of Barr and the pen division were in line with last year and in all the directors remain confident that sustained improvements can be expected.

COMPANY NEWS IN BRIEF

UTC TRADING CORPORATION increased pre-tax profits from £128,290 to £293,469 in 1985, with both the property and textile divisions showing considerably improved results. The directors are confident that the company will continue to perform strongly in the current year, although certain property completions may be deferred until the second half of the year.

BLUEMEL BROTHERS has contracted for the sale of its land and buildings at Wolston for £250,000 cash. The contract provides for Bluemel to share in any gains arising on the land in the event that the purchaser resells the site within three years or a change of planning use is granted.

CATTLES (HOLDINGS) has bought Provincial Lending Company for £141,441 in cash. Provincial specialises in provision of short-term personal loans.

BOC GROUP is to issue 15.5m ordinary shares in respect of options realised on £21m of the 9 per cent convertible unsecured loan stock 2001-2006. Some 95 per cent of the original stock issued has now been converted into ordinary.

APPOINTMENTS

New Burmah Oil chief

Mr Michaeti Burchell has been appointed chief executive and managing director of BURMAH OIL EXPLORATION. Mr Burchell has been with Burmah since August 1980 and prior to this appointment was director [illegible] UK operations [illegible].

*

Mr G. A. Davies, head of management services division and an associate director of COUTTS & CO., has been appointed a director.

*

RINGTONS has appointed Mr Nigel Smith as managing director, a position he held jointly with Mr John Smith who becomes non-executive deputy chairman.

*

Mr Cliff Bonnett has been appointed managing director of the DOCKLANDS LIGHT RAILWAY PROJECT. He will also be responsiblef rthe projected extension into the City of London for which Parliamentary powers are currently being sought. Mr Bonnett follows Mr Bill Clarke who has returned to London Underground as operations director.

*

Balfour Beatty has amalgamated its projects engineering division with elements of its international construction company to form BALFOUR BEATTY PROJECTS to undertake major construction engineering and multi-discipline contracts overseas. Mr N. Ashley, Balfour Beatty's executive director responsible for international construction, is appointed chairman with Mr R. K. Loraine as general manager.

*

SILKOLENE LUBRICANTS has appointed Mr Adrian Parsons as group chief executive.

BUSINESSMAN'S DIARY

UK TRADE FAIRS AND EXHIBITIONS

April 14-18
International Fire and Security Exhibition and Conference — IFSEC (01-446 8211) **Olympia**

April 15-17
National Welding Exhibition — NORTHWELD (0403 68747) **Manchester**

April 17-19
American Real Estate and Investment Show and Seminar (0789 720119) **Park Lane Hotel, W1**

April 21-25
International Brewing, Bottling and Allied Trade Exhibition—BREWEX (021-705 6707) **NEC, Birmingham**

April 21-25
International Packaging Exhibition—PAKEX (021-705 6707) **NEC, Birmingham**

April 29-May 1
British Electronics Week (0799 26699) **Olympia**

May 11-14
Business to Business Exhibition (01-729 0677) **Barbican Centre**

May 11-18
London International Furniture Show (01-385 1200) **Earls Court**

May 13-16
Communications Equipment and Systems Exhibition—COMMUNICATIONS (021-705 6707) **NEC, Birmingham**

May 18
Antiques Fair (01-883 7061) **Alexandra Palace**

May 20-24
Chelsea Flower Show (01-834 4333) **Royal Hospital, SW1**

May 23-June 1
National Home, Garden and Leisure Show — LIFESTYLE (01-222 9341) **NEC, Birmingham**

May 29-June 7
Fine Art and Antiques Fair (01-385 1200) **Olympia**

OVERSEAS TRADE FAIRS

April 14-19
Mini/Micro Computers, Software and Software Packages Exhibition—SPECIAL SICOB (01-439 3964) **Paris**

April 20-24
Third Saudi Oil Show (01-486 3741) **Al-Khobar**

April 22-26
International Packaging Exhibition—PROPACK (021-705 6707) **Brussels**

April 22-25
International Traffic Engineering Trade Fair (01-437 2175) **Amsterdam**

May 2-15
International Printing and Paper Fair—DRUPA (01-493 3893) **Dusseldorf**

May 5-8
Business Efficiency, Office Automation and Business Communication Exhibition — BEE/OFEX (01-855 7777) **Hong Kong**

May 13-15
Production, Organisation and Technical Aspects of Shows & Meetings, Trade Fair and Congress — SHOWTECH (01-740 4444) **Berlin**

May 28-June 4
Mechanical Handling, Machine Tool & Products Exhibition (01-439 3964) **Paris**

BUSINESS AND MANAGEMENT CONFERENCES

April 14-15
European Study Conferences: The London International Construction Conference (0572 822711) **Hilton Hotel, W1**

April 14-15
FT Conferences: The fourth manufacturing automation forum (01-621 1355) **Hotel Inter-Continental, W1**

April 15-16
IBC: Marketing to the travel industry (01-236 4080) **Portman Hotel, W1**

April 15
Oracle Business Information: Tax planning for the single contract self-employed (01-727 3503) **22 Portman Close, W1**

April 16
Information for Industry: The Middle East—the changing face of business (01-637 1019) **Cumberland Hotel, W1**

April 17-18
Institute for International Research: The financial, commercial and entrepreneurial opportunities for prospering through privatisation (01-434 1017) **116 Pall Mall, SW1**

April 20-22
The Economist: Entrepreneurship in practice—developing and managing innovation in large corporations (01-839 7000) **Ettington Park Hotel, near Stratford upon Avon**

April 21-22
Airfinance Conferences: The Annual Airfinance Conference (0376 62262) **Plaza Hotel, New York City**

April 22-23
Institute for International Research: Cashing in on plastic card evolution (01-434 1017) **22 Portman Close, W1**

April 22-23
FT Conferences: The prospects for tourism in Britain (01-621 1355) **Hotel Inter-Continental, W1**

April 23
Institute of Directors: Coping with success (01-839 1233) **116 Pall Mall, SW1**

April 23-24
Westminster & City: Regulating the marketing of life assurance and unit trusts (01-582 7245) **Hilton Hotel, W1**

April 29-30
Euromoney Publications: Japanese financial markets (01-236 3288) **Hotel Inter-Continental, W1**

April 30
Public Policy Consultants. Advanced techniques of dealing with Government (01-606 6090) **St Ermin's Hotel, SW1**

Anyone wishing to attend any of the above events is advised to telephone the organisers to ensure that there has been no change in the details published.

INSURANCE

Investors learn a lesson from UK Provident

BY ERIC SHORT

THE TRADITIONAL life assurance industry was deeply shocked last week when one of its number—United Kingdom Provident Institution—announced it was in financial difficulties and was, in effect, being rescued by Friends' Provident Life Office.

One of the main marketing points on the traditional side of the industry has been the impeccable security of conventional life assurance and the companies marketing conventional with-profit contracts. It was inconceivable that such a company could run into financial problems at any time, let alone during a raging bull market.

The intermediary life market now knows otherwise.

Traditional life assurance is regarded as offering a safe, steady investment for the cautious investor. The companies themselves tend to follow very orthodox investment strategies, with a high proportion of gilt holdings backed by very large free reserves accumulated because actuaries for decades underdistributed profits to policyholders.

This view has now been thrown into doubt by the events at UK Provident.

First, the company followed a very unorthodox high-risk investment strategy with an unduly high proportion of its investments in unquoted securities, including oil exploration and development in the US.

Second, the company was declaring very high bonus rates on its life and pension contracts, for example the Deposit Investment Plan, which offered returns that could hardly be met out of current investment returns.

Third, the company had embarked on a large-scale expansion programme over the past few years, and was under financial strain from the high level of new business written.

The high bonus rates and the expansion programme resulted in the company running down its free reserves to quite a low level and being unable to meet current bonus levels. Mr Fred Cotton, chief executive of Friends' Provident, estimated that UK Provident needed about £250m to continue on the same bonus levels.

Thus investors and intermediaries have had a salutory reminder that with-profit life assurance, like any other investment, has risks as well as rewards. For UK Provident policyholders the risk brought an immediate cut of 10 per cent in future bonuses.

The industry is now asking which mutual life company will be the next to go under.

Up to now, intermediaries and investors have chosen a traditional life company on its name, reputation and, above all, its position in the performance tables — past and projected. Little, if any, attempt is made to analyse the companies' underlying financial strength.

The information about UK Provident's investment strategy and pointers to its reserve position were contained in the company's 1984 Report and Accounts. But few people picked this up.

Now intermediaries are calling for more information on investment and reserves in a readily assimilable form. Life companies are prepared to give such information to intermediaries who inquire but are not making public statements on the grounds that it could be misinterpreted. They may be forced to say something once the media start publishing league tables of life companies' "free reserves."

Another important question is how UK Provident got into this situation—in particular, what was the role of the Appointed Actuary, the financial watchdog of life companies.

The company has said it will make a full statement to policyholders. This must include a report from the Appointed Actuary at the time.

In addition, the Institute of Actuaries, one of the UK's two professional actuarial bodies, must investigate.

If such an event is to be avoided in future, companies will have to report much more information to the authorities so action can be taken in good time.

The new regulations requiring actuaries in their valuation to split the fund between liabilities and free reserves will help. The profession is looking at producing a workable procedure for mismatching reserves—the ability to maintain solvency margins in adverse investment conditions. It would mean that no investment strategy could be adopted unless there was adequate reserve backing.

CONSTRUCTION

£45m orders for Lelliott

In the first quarter of 1986 the JOHN LELLIOTT GROUP has won more than 150 contracts in and around London worth in excess of £45m. The main "contracts" division has won contracts worth more than £16.5m which include the major refurbishment of Chelsea Cloisters, one of London's largest residential apartment blocks at £7.5m; the fitting out of Nikko Securities, Godliman Street; Fidelity Bank in Bishopsgate; The Royal Bank of Scotland, Lombard Street and the Securities Investment Board in Royal Exchange account for £3.5m. Expansion of the fast food MacDonalds chain in Finchley Road, Woking and Hayes provides another £1m.

The management fee division accounts for £14.5m with contracts for refurbishment and fitting out of dealing rooms in six City banks which include Ebgate House and Seal House for Midland Bank International; Mitsubishi Trust Bank and Nomura International. Other contracts include the refurbishment of Dillons Bookshops worth £1.2m and a Laura Ashley design centre in Fulham for £1m. The division has also been commissioned to refurbish thirty Cullens Stores at the rate of three shops per month and an average spend of £100,000 each shop.

John Lelliott DMC has secured design and build contracts, worth more than £3.25m, which include a supermarket shell for Waitrose at St Neots costing £1.1m and a dealing room for Manufacturers Hanover in Princes Street for £690,000. John Lelliott Ilford is also responsible for more than £3m with contracts worth £1m for a Docklands office block and housing for the Newham Borough Council worth £670,000.

John Lelliott Space Interiors has been commissioned to carry out a number of interior projects worth £1.5m, two of which were for Jet Set Tours, New Oxford Street, London and Schroder Group headquarters in Portsmouth.

Nurses' accommodation at Bournemouth Hospital

WIMPEY CONSTRUCTION UK, a subsidiary of George Wimpey, has been awarded work totalling £6.3m. A contract worth £3.3m has been awarded by the Wessex Regional Health Authority for the construction of nurses' accommodation at the Bournemouth Hospital, Castle Lane East, Bournemouth, Dorset.

The accommodation, totalling 9,000 sq metres, will be in five three and two two-storey blocks; a single-storey shared accommodation block and a two-storey education centre. External walls will be load-bearing facing brick/work on foundations of trench fill concrete footings with isolated bases and ground floor slab. The truss roofs will have concrete tiles and the ceilings a general dry lining with some areas suspended. Extensive external works will include roads, paths, car parks and drainage. Work has also started on an office development, worth £3m, at the Royal Aircraft Establishment, Elles Road, Farnborough, for the Property Services Agency.

Work has started on a £4.4m contract awarded to JOHN LAING CONSTRUCTION by Mersey Regional Health Authority for phase B at Warrington District General Hospital. The 110-week contract calls for the construction of two number two-storey nucleus templates and a hospital street to house paediatric, adult acute and geriatric units together with purpose-designed two-storey accommodation to contain paediatric isolation and occupational therapy. The approximate floor area will be 7,200 sq metres. Main construction is of an insitu concrete frame on piled foundations. External walls are of brick and block construction with metal windows, and the concrete-tiled roof is on timber rafters on a steel frame. The contract includes fittings, and some alteration to the already existing phase A building.

★

JAMES HOWDEN and DECON ENGINEERING have received £2m orders for the supply of tunnelling equipment for the Cairo wastewater project. The largest order, valued at £1.5m, goes to Howden and is for the supply of three 5.2-metre-diameter digger shields. The machines are for use on the 3.3-kilometre Abdeen Ein el Sierra section of contract 12 by the Cairo Wastewater Consortium which consists of Tarmac Construction, Nuttall, Balfour Beatty and Arab Contractors. This section includes 800 metres of subsidiary tunnels for which Decon Engineering is supplying two 1.8-metre-diameter shields and back-up equipment. Decon is also supplying sledges, support steelwork and conveyor equipment for the Howden machines. Decon has also received a £280,000 order from Cairo Wastewater Consortium for fast operation air locks.

M. HARRISON & CO (LEEDS) has won a contract, worth over £800,000, to build an office development at Park Cross Street, Leeds, in the heart of the city's commercial area, for Abacus Developments. The three-storey building comprises the erection of seven separate office units, which will be constructed in high quality brickwork with a total floor area of 25,000 sq ft. The whole of Park Cross Street will be pedestrianised and the scheme also includes a walkway link between East Parade and the Park Square office area. Work on the development is expected to be completed early next year.

New Dorset headquarters

A £6m-plus contract for the new headquarters building for the National Mutual Life Association of Australasia has been awarded to SLEEMAN CONSTRUCTION, the building arm of EBC Group. Construction has started on the 74,000-sq-ft eight-storey octagonal building with associated multi-storey car parking on a site at Seldown Road, Poole. National Mutual's life assurance operation will be moving into its new building on its completion at the end of 1987.

★

CEMENTATION PILING AND FOUNDATIONS has been awarded two specialist piling contracts for city-centre developments worth a total of £1.4m. The largest is a combination of driven and bored piles at the St Enoch's Square, Glasgow, redevelopment for managing contractor Sir Robert McAlpine. A total of 1,007 Frankpiles founded at depths down to 20 metres is being driven on this site, together with 485 Concore continuous flight auger piles down to 30 metres, to form the foundations of the development.

The second contract, for the new South Glamorgan County Council headquarters building at Cardiff, requires over 730 Frankpiles to be driven at varying depths down to 17 m. Cementation Piling and Foundations is a member of the civil and specialist engineering division of the Trafalgar House Group.

★

SHAND has been awarded a £7m supermarket construction contract in Gibraltar. Work is due to start soon on a supermarket, shop units and travel bureau opposite the island's main airport. External walls will be of precast concrete fairface blockwork, with steel frame and roof decking by a nominated subcontractor and decorative tile hanging to a Matsard roof by a domestic subcontractor. The contract is due for completion in January 1987.

Laboratory facilities extended

SIR ROBERT McALPINE & SONS has been awared a contract worth £6.8m by Amersham International to extend its existing laboratory facilities near Cardiff. The contract comprises two buildings of steel frame and concrete construction. The main block, measuring 57.4 metres by 50.6 metres, will be fully air conditioned and will provide accommodation on two floors plus a basement area, a roof plant room and a 50 metre high ventilation shaft. Additional installations include five fully equipped cold rooms and a double skinned effluent drainage system. The second building will link the new block to the existing premises.

★

FAIRCLOUGH BUILDING has been awarded another construction project by London Underground. The southern division is to erect four new buildings at the Ruislip track fabrication depot on a contract valued at over £600,000. The biggest building—a 710 sq metre store—will be constructed on a steel frame with profiled sheet metal cladding, and double-pitched roof, internal blockwork walls and partitions. The single-storey staff building (275 sq metres) and site offices (60 sq metres) will both be in load-bearing brick and blockwork with blockwork partitions and flat roofs. The fourth building, a 38 sq metre compressor house, is to be system-built in grp modular prefabrications. This structure is scheduled for completion at least 12 weeks before the main hand-over in August.

FINANCIAL TIMES SURVEY

Monday April 14 1986

Amsterdam

The Dutch capital is looking in new directions for growth and prosperity after years of urban decline. Its main strengths of finance, trade and tourism are being heavily promoted and progressive city policies are bringing a renewed sense of optimism.

Era of renewal

City centre street scene and (inset) alderman Dr Ennaeus Heerma, a moving force behind the city's new economic policies

ON OTHER PAGES

By Laura Raun
Netherlands Correspondent

AMSTERDAM is moving in new directions. Dam Square, once the haunt of hippies is bustling with bankers and stock brokers, who are propelling the city forward into becoming a major international financial centre. The Zeedijk area where drug pushers operated is the site of one of four new first-class hotels springing up in the inner city to lodge more tourists and businessmen. The pace of housing construction has trebled from a few years ago and eased the severe shortage of houses.

The Netherlands' biggest city as Dr Ennaeus Heerma, alderman in charge of economic affairs and a political scientist notes, has been known for its freedom and tolerance throughout its 700-year history. Jews expelled from Spain and Portugal were welcomed, radical philosophers such as Descartes and Spinoza were allowed to write and bibles and books banned elsewhere were printed.

"But freedom should not mean a lack of freedom for others," Dr Heerma observes. "The year 1980 was a turning point. People wanted a cleaner city, more jobs, a city without drugs and demonstrations."

Politics in Amsterdam, the Dutch capital (The Hague is the seat of government), have long been dominated by the Labour and Communist parties, and until the mid-70s most people were happy with that. But political dissension erupted as voices increasingly were raised about the rising tide of squatters' violence, street crime and drug peddling, and the economic decay of the inner city.

The population had been dwindling for two decades as many young families fled to the suburbs, leaving in their wake the poor, elderly and minorities: in short, the same urban problems that beleaguer all big cities.

Accord

By the late 1970s the Labour party had reached an historic accord with the centrist Christian Democrats to launch a new era of urban renewal, with special emphasis on economic revival and more housing. The centre-left coalition sought to promote Amsterdam's traditional strengths—trade, transport, finance, arts—to restore some of the vibrant commercial spirit that built the city into a fulcrum of world power in the 17th century.

The dramatic shift in thinking quickened in 1983 with the appointment as mayor of Mr Ed Van Thijn, a former Labour minister who survived the German occupation of Amsterdam as a young, Jewish boy. Mayor Van Thijn immediately set to work on mending fences with business, shaping a higher international profile, ridding the city of hard drugs, fighting crime, and cleaning up the environment.

"The time for half-measures is past," mayor Van Thijn said in 1984 when he announced a controversial ban on the gathering of more than three people at a time in the drug-infested Zeedijk. Refuse collections on Saturdays were resumed and a major public relations campaign was launched to improve Amsterdam's image.

The Labour-Christian Democrat partnership got a fresh mandate in the recent local elections when the Socialists gained strongly, and the small, left-wing coalition, which opposes many of the changes, weakened. The Socialists now hold 21 of the 45 city council seats, while the Christian Democrats hold six.

Some successes of the new policies already are apparent. Amsterdam's economy is expanding twice as fast as the national average, 4½ per cent against 2 per cent. The property market is beginning to show signs of rebound after years of decline. Banking and finance, Amsterdam's premier industry, are booming amid liberalisation and modernisation. Major projects are under way in transport, trade and communications.

The black mark, however, is unemployment. One in four people is without work and the prospects are bleak. Many of the new jobs opening up require relatively high educational and skill levels, while most of the unemployed have a lower education and are unskilled — the classic mismatch problem.

The high unemployment figure also includes a sizable number of so-called "grey market" workers, those who actually have jobs but are looking for better paying, or a different kind, of employment. Finally, according to Dr Heerma, a certain portion of the unemployment do not really want a job, and are happy enough with their social welfare payments.

He explains the economic revival policies as a three-pronged approach to achieve geographically balanced growth throughout the city.

- Nurturing the traditional activities such as banking and finance, tourism, manufacturing, trade and transport while encouraging new industries such as telecommunications, data processing and sophisticated distribution.
- Expanding Amsterdam's well established international links, through Schiphol airport, the new World Trade Centre, the two universities and the attraction of more foreign companies.
- Encouraging young companies through the increasingly popular business centres that provide affordable office space, management guidance and technical facilities for small business.

Linking most of Amsterdam's commerce, politics and culture is international trade, which began with the founding of the city in 1275 as a fishing village on the banks of the Amstel river and continues today as a fundamental pillar.

Amsterdam's modern-day burger elite are hoping to build on this tradition to catapult the city into becoming a major international financial centre. The Dutch capital markets have been dramatically liberalised, the Amsterdam stock exchange has made sweeping changes to enhance its international competitiveness and the European Options Exchange is expanding rapidly.

Amsterdam aims to become a European leader in trading of Japanese and American shares, and foreign financial institutions have gained new freedoms. The banking community generally is finding itself warmly welcomed in the inner city again.

Impetus

A new impetus for traditional merchandise trade is coming from three big projects.

- An ultra-modern World Trade Centre that opened last autumn to provide commercial services ranging from video conferencing to electronic mail, plus a hotel, restaurants and supermarket. As a member of the world trade centre association, Amsterdam gains links to the other 45 trade centres around the world, offering new avenues for business contacts.
- Schiphol Airport's Fl 1.5bn, 10-year modernisation and expansion plan to double passenger and freight capacity by the year 2000. Also included is a sophisticated, computerised customs system that eventually will allow virtually "paperless" documentation.
- A Fl 1.53bn teleport office park that is to provide high-technology office space for companies in telecommunications, automation and information processing, especially those seeking a European headquarters. A huge satellite dish and integration into Amsterdam's fibre optic communications network will allow the latest office automation such as value-added networks and video conferencing.

These ambitious initiatives are expected to help fuel business travel, a promising sector of the tourist industry. Amsterdam's second largest industry, tourism is preparing for the future even though the number of visitors has been affected by the lower dollar and threat of international terrorism.

Four new hotels are under construction at the moment and more are on the drawing boards, raising the number of beds by 10 per cent to 22,000 in coming years. Occupancy rates are running at around 65 per cent, up from 40 per cent several years ago, and the tourist season is longer than ever, according to Mr Bob Luyken, managing director of the tourist industry association's Amsterdam office. The season now runs from the second week in March until the end of November and "there is hardly a real winter any more," he says.

Tourism could get a big boost if Amsterdam is chosen from among a half dozen cities to host the 1992 summer Olympic Games, a decision that will be made on October 17. It is a clear sign of the city's new élan that Amsterdam is competing for the games, which would have been viewed as too hucksterish and ambitious in the past, Dr Heerma says.

But the city is making its bid in a characteristically Dutch style—touting its sobriety and compactness. The Netherlands' Olympics organising committee believes these qualities will be attractive to the international organising committee after the commercialism of the 1984 Los Angeles Olympics.

Having turned around much of the economy, Mayor Van Thijn still faces some stubborn problems. The jobless rate remains 10 percentage points higher than the national average, rent-subsidised council housing is in short supply, petty crime continues at an alarmingly high level and the hard drug trade is dying only slowly.

The housing shortage means that the city still has more than its share of squatters, but most of them have abandoned the violent tactics that led to confrontations with crack anti-riot squads and armoured personnel carriers. Some 50,000 people are still waiting for subsidised dwellings although most of them have decent housing at the moment, Dr Heerma notes. The radical squatters now are almost entirely limited to one neighbourhood where riots broke out last autumn, leaving one man dead. It was here Mayor Van Thijn was spat upon two years ago.

Petty crime, much of which is believed to be drug-related, is among the worst in Europe, and sparked the creation of a number of neighbourhood vigilante squads in 1984. The police department has since been dramatically reorganised and more street patrols have been dispatched to discourage the theft of car radios, bicycles and handbags.

Some 7,000 heroin addicts, mostly foreigners, are still known to live in Amsterdam although the law enforcement authorities are waging a concerted attack on wholesale dealers. "We have doubled our narcotics squad which fights the international drug traffickers and we have started a local narcotics squad to combat the local scene," Mayor Van Thijn said in a recent interview with an Amsterdam magazine.

But Amsterdammers are a buoyant sort and so is the mayor, not unlike New York—previously New Amsterdam—and its mayor, Ed Koch. Pink hair and old-fashioned bicycles still abound.

Mr Van Thijn himself is optimistic. "For the first time in years Amsterdam has courage again. A while back, people were sceptical if someone came with a big idea that was out of the ordinary. Now, with the information technology plans, the Zeedijk efforts, the plans for the Olympic Games, there is a feeling that we can do it."

PROFILE: MAYOR ED VAN THIJN

BY CHARLES BATCHELOR

Policies matching the problems

AMSTERDAM, the Netherlands' largest and most turbulent city, has made extraordinary demands on its municipal leaders in recent years.

Violent protests by squatters at the chronic housing shortage; drug abuse and related crime; a population with more than its share of the elderly, the poor and ethnic minority groups; and the difficulties of adapting a largely 17th-century city centre to the demands of the 20th century without destroying it, all combined during the 1970s and early 1980s to make Amsterdam a challenging place to run.

Frequent rowdy scenes in the Amsterdam council chamber led to critics branding the city ungovernable. And as head of the city administration, the mayor or burgomaster has usually borne the brunt of that criticism.

But the past two to three years have seen a fundamental change, if not in the problems at least in the way Amsterdam is tackling them, according to Ed van Thijn, mayor since June 1983.

Van Thijn believes there is a new mood in Amsterdam after the malaise of the 1970s. The city recently launched a promotion campaign with the slogan "Amsterdam's got it." It is also bidding for the 1992 Olympic Games.

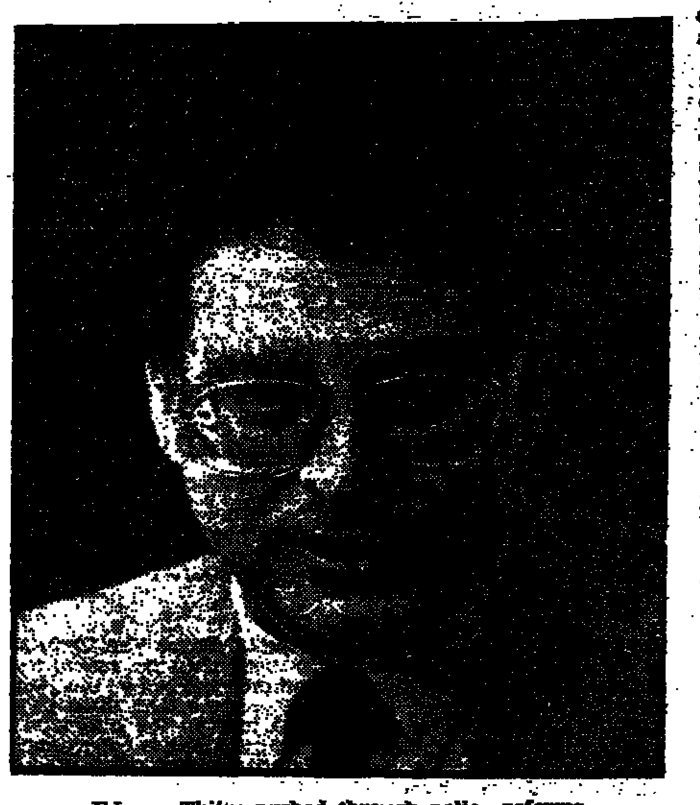
"But there is more to it than just promotion of the city," he says. "We have the policies to back it up."

Van Thijn, an avid computer chess player, is a precise man who chooses his words with care. Now 51, he came to the job after 24 years in local and national politics.

He is an Amsterdammer by birth, and studied politics and social science at the University of Amsterdam before joining the staff of the Dutch Labour Party's research unit.

Almost immediately he went into local politics, serving for nine years on the city council, most of them as chairman of the Labour group.

In 1967 he became an MP, remaining in Parliament until June 1983. For five of these years he led the Parliamentary Labour party, though the summit of his career in national politics was an eight-month spell in 1981-82 as Minister of Home Affairs in the short-lived Labour-Christian Democratic coalition headed by Mr Dries van Agt.



Ed van Thijn: pushed through police reforms.

So how does he find life on the smaller stage of city politics?

"I've never been in my element as much as in this job," he says. "Being burgomaster of the capital city is a position of national importance. I've no desire to go back to the national political scene."

Mayors in the Netherlands are Crown appointees—a system van Thijn disapproves of—though they work alongside elected councillors and aldermen. The mayorship of the four largest Dutch cities and the 11 provincial capitals have traditionally been allotted to one of the main political parties.

Amsterdam, which has always given strong support to the Labour and the smaller Left-wing parties, by custom has a Labour mayor.

Mayors serve a six-year term, though this can be renewed until retirement. They have direct responsibility for the police and public order. In this and all other matters they are expected to act as a unifying force and to remain above party politics.

Van Thijn defines his position thus: "As representative of the city, a burgomaster has tremendous influence, but he is not all-powerful. Because he is appointed and not elected, the emphasis is on the executive committee of aldermen."

How much of the new mood can be attributed to the appointment of a new mayor? Van Thijn acknowledges that the character of Amsterdam council was changing by the time he arrived in mid-1983. The splits and factions—within, as much as between, the various political parties — which prevented effective government during the 1970s had produced a reaction. A more pragmatic atmosphere was beginning to prevail.

He has made use of this change to push through his own reforms of the police and to encourage an energetic attack on the problems of drugs, squatting and the city centre's economic decline.

Amsterdam is now building about 5,500 new dwellings a year, three to four times the numbers of a few years ago, but still only half what the city needs. Government spending curbs have prevented more homes being built, van Thijn says.

A fundamental change in policy has come about with new homes now being built within the city boundary instead of people being encouraged to move out to the overspill towns. The capital's first population increase in 25 years was recorded last year.

The faster rate of new house building has helped defuse the squatting problem. But van Thijn has also made use of a growing public resistance to the violence and excesses of some of the squatters to move more firmly against them.

Even so he was forced recently to curtail a visit to one of the poorer parts of the city because of the threat of a violent street confrontation.

Van Thijn has presided over a reorganisation of the police to reduce bureaucracy and put more officers on the beat. Tougher action is being taken against drug traffickers and the notorious Zeedijk area of central Amsterdam has been purged with an unusually tough city by-law preventing street gatherings of more than three people.

But the size of the problem does not make for an easy solution to the drugs menace.

Campaign to lead in Europe

Finance

LAURA RAUN

AMSTERDAM'S historical role as an international financial centre stretches back at least 300 years to the golden 17th century when the city's burger elite created a vast trading empire that spanned the globe.

Lively dealings sprang up in stocks and bonds of the Dutch East and West Indies companies after Amsterdam residents were allowed to invest in these huge ventures, while trading in foreign bonds also flourished. An exchange bank finally was set up to control the rampant foreign currency speculation that naturally accompanied the booming business in foreign bonds and bills of exchange.

Building on its long and rich history of free commerce, Amsterdam now is waging a concerted and ambitious campaign to establish itself as a leading European money centre to rival London. The 386-year-old stock exchange, the oldest continuously traded bourse in the world is making sweeping changes to attract new international investors in a move that is not unlike London's planned "big bang."

The Dutch capital markets were dramatically liberalised at the beginning of this year to open the way for an array of popular new instruments. The Amsterdam-based European Options Exchange (EOE) has grown rapidly in recent years and now ranks as the largest options exchange outside the US, while a gold futures market, the first in Continental Europe, was launched last year.

Shrewd

The legacy of the shrewd merchant burgers is still evident today in the tolerance toward foreigners. In the past decade foreign banks have built a sizable presence, controlling about one-quarter of all assets, while capital flows are among the most free in Europe.

More foreign shares than Dutch ones are listed on the Amsterdam stock exchange and foreign members have been accepted for some years.

But the Dutch with their subtle competitiveness are looking over their shoulders and seeing deregulation in London and in West Germany. The bankers along Amsterdam's Herengracht — Gentlemen's Canal — have grown increasingly worried that London is siphoning off as much as half of the business in Dutch securities because of its cheaper negotiated commissions and more liquid dealers' market.

The threat of the big bang in October has spurred the recent flurry of activity. The worldwide trend toward globalisation of markets, linked by instant telecommunications, has added pressure for liberalisation. Finally, the deregulation of West Germany capital markets last year could hardly be ignored by the Dutch, whose currency competes directly with the Deutsche Mark.

In a blatant bid to recapture business lost to the City of London, the Amsterdam stock exchange has slashed its commissions twice in the past year and a half and now is considering allowing negotiated fees as part of a planned dealers' market. This block trading market is viewed as a way of ensuring the liquidity necessary to attract large, institutional investors so necessary for truly international markets.

The bourse also is developing — amid great competitive secrecy — a major automation project that ultimately could transform Amsterdam into one of the most modern exchanges in Europe. The project initially will involve electronic display of the latest price and volume information on video terminals and eventually could extend to automated trading. Plans also call for a linkup with other European bourses through the interbourse data information system, a project designed to exchange trading information among Europe's stock exchanges.

Amsterdam is aiming to become the premier European marketplace for Japanese shares with the listing later this year of 30 leading Japanese companies. The stock exchange recently accepted as new members three of the most powerful Japanese securities houses—Nomura, Yamaichi and Daiwa—to help promote trading.

Under an agreement with the Tokyo stock exchange, dealings in the 30 companies can continued in the European time zone after the close of trading in Tokyo. Baron van Ittersum, chairman of the Amsterdam stock exchange, has hinted that trading in these Japanese stocks eventually could be linked to New York as well.

Amsterdam already leads Europe in the listing of US shares, having begun trade of American stocks in the second half of the last century. The recent entry of Citibank, the second-largest American bank, to the bourse is expected to further fuel dealings in US shares.

The capital markets liberalisation is equally ambitious although innovative new products have been trickling out rather slowly. Since January 1 a host of financial instruments have been permitted that were forbidden before, including floating-rate notes, commercial paper, certificates of deposit and bullet bonds.

Foreign banks can now lead manage issues and underwrite as much as one third of an offering, up from one quarter. The Dutch central bank's rigidly-controlled issue calendar has been drastically relaxed so that borrowers can now tap the market pretty much when they want to instead of queuing up as in the past.

Ever aware of image, the banking community and central bank have formalised the Amsterdam interbank offered rate into an official Aibor that suggests the prestige of the Libor of London.

An encouraging sign for the capital markets liberalisation was the Dutch Government's last bond issue, the first time that The Hague has offered a bullet bond. The finance ministry and central bank previously had forbidden bullet bonds on the grounds that they fuelled inflation more than serially-redeemed bonds.

Now that the Government has stepped in with a bullet issue, others may follow faster, especially with the attraction of interest rates swaps. Bullet bonds are expected to stimulate more interest rates swaps, which previously were allowed but greatly complicated by the serial redemption of bonds

Competitive

The EOE, which keeps a close eye on the traded options market in London, is planning to launch several new contracts this year in a bid to remain competitive. Two index options are likely to be introduced following a recent change in the law to permit such instruments.

One index option will cover the EOE share index, which is based on the 15 Dutch stocks. Trading in this contract was suspended shortly after its introduction two years ago pending the change in the law and now will be resumed. The other index option will cover the major market index (MMI) of the US, a blue chip index created by the American stock exchange to reflect the Dow Jones industrial average.

The EOE also is studying the possibility of offering the world's first options on crude oil and refined products in conjunction with Rotterdam, which is among the world's most important spot oil markets. Under consideration are options on physical oil and products as well as on futures contracts.

The eight-year-old options exchange also is thinking of introducing futures contracts on interest rates, with domestic guilder rates and dollar rates the most likely. The liberalisation of the capital markets and stock exchange could foster demand for interest rate futures as well, many hope.

Last year the EOE began a two-year pilot programme in gold futures trading, with contracts covering 500 grams and priced guilders. But only a few contracts a day are changing hands and Amsterdam may be headed in the same direction as London's ill-fated gold futures market.

The EOE has especially prided itself on globally-linked trading with stock exchanges in Sydney, Vancover and Montreal. The electronic link-up between the four markets allows fungible trading in gold and silver options nearly 24 hours a day. The international links were widened last year with the introduction on the EOE of a jumbo £100,000 sterling/dollar option contract that is totally interchangeable with an identical contract on the Montreal stock exchange.

The maelstrom of changes in the Dutch financial markets is producing some of the same problems in Amsterdam that London is suffering. Securities traders' salaries are soaring amid a shortage of traders although pay levels in Amsterdam are still lower than in London or New York.

Part of the problem is that Dutch dealers and brokers, who always speak English and have a fairly sophisticated background, are being lured away by foreign firms. Consolidation among Dutch brokerage firms is expected to pick up amid heightening competition and foreign financial institutions are expected to continue their invasion.

In short, Amsterdam is going through a little bang now to gird itself for London's big bang later.

Controversial landmark

Rijksmuseum

CHARLES BATCHELOR

ONE HUNDRED years after it was built the Rijksmuseum in Amsterdam still cuts a Gothic dash among the sober domestic architecture of the Dutch capital.

Last year's centenary celebrations focused attention on this, the best-known of all Dutch art galleries and the one from which most foreign visitors form their impression of the richness of Dutch art.

For despite the comprehensiveness of its collections, ranging from paintings through the applied arts, prints and Asiatic art to its historical department, it is the glories of Dutch 17th century painting which most visitors remember.

Rembrandt's dramatic Nightwatch, Vermeer's calm domestic interiors and Jacob van Ruisdael's fresh landscapes rarely disappoint. Even the most packaged of tourists will pause before hurrying on to the bulb fields or the picturesque fishing villages of the former Zuyder Zee.

National cultural landmarks tend to attract controversy and the Rijksmuseum is no exception. When it was planned, two competitions were held to choose an architect for the project before Pierre Cuypers, a Dutchman best-known for designing Roman Catholic churches, was chosen.

His style of architecture was controversial in a largely Protestant country where Catholics were still shaking off their second-class status.

King William III failed to arrive for the official opening on July 13 1885, reputedly deterred by the Catholic style of the building.

One hundred years later a whiff of controversy has attended the centenary celebrations, with criticism directed at the Rijksmuseum's failure to organise any spectacular event or exhibition.

The depth of the economic recession in the early 1980s when the celebrations were being planned, decided the gallery's directors against putting on a costly but necessarily short-lived display. They opted instead to spend what limited funds they had on smartening up the building's exterior and gardens and renovating some of the interior.

Among the changes, an improved system of signposting was devised to help the more than 900,000 visitors a year (70 per cent from abroad) find their way round more easily.

Originally two exhibitions from the gallery's own collections were planned—of Rembrandt's drawings and of prints of the Master of the Amsterdam Cabinet, an anonymous German artist of the late Middle Ages.

Later, a decision was taken to mount an exhibition of the works of the 17th century Spanish painter Velasquez and his contemporaries, and paintings were borrowed from the Prado Museum in Madrid.

Despite—some say, because of—Spain's lengthy occupation of the Netherlands, Spanish art is poorly represented in Dutch collections.

As a lasting memorial to its centenary year the Rijksmuseum acquired an early Rembrandt portrait, dating from 1634, of Haesje van Cleyburg, wife of a wealthy Rotterdam brewer.

The Fl 10m (£2.65m) the painting cost was more than 13 times the gallery's annual purchasing budget. However, the government provided additional aid; several artistic trusts and commercial organisations gave their backing; and a small amount was raised by public appeal.

The gallery's limited resources, by comparison with the far larger sums available even to British galleries has inevitably imposed severe restrictions on the extent to which Dr Simon Levie, director of the Rijksmuseum for the past 10 years, has been able to expand the collection.

The price of works of art has risen inexorably and more and more fine works are being bought by wealthy American galleries and others, never to return to the free market.

Dr Levie nevertheless has been able to move the Rijksmuseum closer to its goal of giving a representative view of Dutch art and history from the Middle Ages, and of showing the most important aspects of European and Asiatic art.

Despite the riches of its Rembrandt collection, including such pictures as the Nightwatch, the Syndics and the Jewish Bride, the painter's early years were poorly represented. Over the past 10 years four early paintings have been added to the collection.

"We don't claim the largest or even the most broadly-based Rembrandt collection, but we are able to compete on a world scale," Dr Levie says. "We now have a more balanced range of early Rembrandts."

Ambitions

When Dr Levie came to the Rijksmuseum in 1975 a major gap in the gallery's print collection was the work of English print makers. He has done much to remedy that omission by purchasing English works.

Perhaps because of the breadth of its ambitions the Rijksmuseum has been unable to build up fully-representative collections of other European schools of painting. English painting is hardly represented and the German, French and Italian collections are incomplete.

Again, money is the problem. "It is difficult enough to get the funds for important Dutch paintings, let alone for foreign works," Dr Levie says.

The lack of Italian paintings is a matter of some personal regret to Dr Levie. He completed his own doctorial thesis at Basle University on the Italian painter Daniele Ricciarelli da Volterra, a contemporary of Michelangelo.

On returning to the Netherlands he was for several years curator of Utrecht Central Museum before embarking, in 1963, on the 12-year-long restoration and reorganisation of the Amsterdam Historical Museum. This completed, he took up his present post at the Rijksmuseum.

A youthful 61, Dr Levie can expect four more years as head of his museum. Some of that time will be spent attempting to resolve the pressing problem of how 19th century Dutch painting should be presented.

Over the decades, pressure to show more pictures has meant the Rijksmuseum's open inner courtyards have been built over. But given the financial constraints, extending Cuyper's controversial creation appears to be out of the question. In any case, the Amsterdammers have grown too fond of the building William III dismissed contemptuously as "a monastery."

First hints of real recovery

Property

LAURA RAUN

NEARLY SIX years after the property market began slipping, Amsterdam finally may be seeing the first hints of recovery.

Demand for new office space is growing as companies seek accommodation that is more energy efficient, safer and better equipped for sophisticated telecommunications. The take-up of new office space surged to a record 157,000 square metres in 1984 although it slipped somewhat last year. Office rents no longer are tumbling and have flattened out at Fl 200-250 per square metre, according to Zadelhoff Makelaars, the largest real estate brokers and developers in the Netherlands.

The vacancy rate shrank in 1985 for the first time in six years and is approaching a healthy level the firm says.

Amsterdam is touting its cheap commercial rents — the lowest of any major European capital — as a calling card for foreign companies wanting to establish or expand European offices. The Dutch capital also boasts economic growth twice as fast as the national average. 4½ per cent versus 2 per cent.

The trend to the suburbs continues as businesses abandon the picturesque but crowded inner city with its rings of tree-lined canals and 17th century houses for more parking space and easier accessibility in the outskirts. The fastest-growing area is southeast Amsterdam where the Atlas Centre, the country's largest office project, opened last year.

But some reversal of the suburban trend may be heralded by the recent decision by Pierson, Heldring and Pierson, the Netherlands' leading merchant bank, to build its new headquarters right in the centre. The municipal authorities are smiling more favourably on influential financial institutions that want to stay in the city centre for reasons of prestige, according to Zadelhoff Makelaars.

Many other concerns ideally would like to remain in the quaint central districts to promote a Dutch image but too often run into restrictive planning policies when they try to improve or expand old buildings.

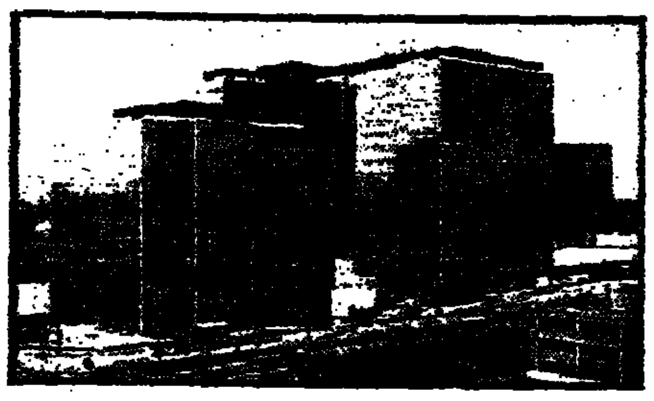
"The Pierson project would have been completely impossible five years ago. Now there is a new elan about maintaining the city centre but on a small scale," says Zadelhoff.

Amsterdam has enforced restrictive planning policies for years, with particularly discouraging regulations for commercial enterprises in the past decade. Conservation and renovation are officially given priority over demolition and new construction and this has made it very difficult for businesses to enlarge premises or add parking garages.

A gradual and subtle relaxation of these rigid policies is discernible under the more dynamic leadership of Amsterdam mayor Ed van Thijn, who took office in 1983. Mr van Thijn has been treading carefully in his efforts to foster economist growth and still maintain Amsterdam's old-world charm.

This fresh attitude is what is allowing the demolition of an office building owned by Amsterdam-Rotterdam Bank (Amro), the parent of Pierson, to make room for Pierson's new 12,000-15,000 sq metre headquarters. Adjacent to Pierson will be a 5,000-8,000 square metre building that will provide a new home for the Amsterdam-based European Options Exchange.

Another factor in the city's unusually fast decision to permit the razing of an early 20th century building on a prime site may have been Amro's cancellation of plans to move its entire headquarters to Amsterdam's Sloterdijk district on the western flank of the city.



The new World Trade Centre which opened last autumn is a symbol of the city's reviving property market. Located on the southern outskirts, the centre is one of a number of new buildings in this fast-growing area.

Amro now will move only its top management and treasury department into a new complex on the southeast outskirts next year. The domestic operations will remain in the bank's massive stone structure on the Herengracht, or gentlemen's canal, where many of Holland's most powerful banks loom.

The rapidly growing EOE also is likely to have pressured the city for approval of the new building on the Rokin after the Options Exchange was refused permission to absorb more space in its present building. The municipality rejected the EOE's urgent plea to expand in the architecturally revered Merchant's Exchange next to the Amsterdam Stock Exchange. Conservationists and history buffs have lobbied city hall to convert the 1903 Beriage building to a museum.

Zadelhoff notes that a similar example of the city's more favourable policy towards financial institutions is the nod for the Dutch Central Bank to build a tall tower atop its canal-side premises in the city centre. A lowlier institution would have failed to get the go-ahead, he observes wryly.

For the time being, plenty of new office space remains on the market, especially in the southeast area. The Nieuw Amsterdam complex, a 30,000 square metre office project that opened last year, is only 7 per cent occupied and 20 per cent of the 72,000 square metre Atlas centre remains vacant.

Both complexes could be given a big boost, however, if Amsterdam succeeds in its bid to host the 1992 Summer Olympics. The Dutch Olympic organising committee is headquartered in the Nieuw Amsterdam building and a new Olympic stadium will be built nearby if Amsterdam wins the bidding for the Olympic Games on October 17.

By far the most ambitious project on the horizon is the Fl 1.53bn, 350,000 sq metre Teleport office park that is planned for the city's northwest periphery. The Teleport project, like its counterparts in London, New York and Osaka, promises the most modern telecommunications and sophisticated facilities available for companies involved in communications, automation and information.

A satellite dish coupled to Amsterdam's fibre-optic cable network will provide the infrastructure for video conferencing, local and wide area networks, value added networks, signal scrambling for confidentiality and high-speed digital data links. Computer-controlled "smart buildings" offer energy efficiency and security.

Construction of the Teleport's first building, which has been given the clumsy sobriquet of "Busitel," will begin in May. Some 80,000 sq metres of housing, 70,000 sq metres of other facilities such as light assembly and a 150-200 room hotel also are planned for the massive project, scheduled to be finished by the year 2000.

A host of government authorities and private concerns are backing the Teleport, with the City of Amsterdam taking a leading role. Other partners include the Dutch PTT telecommunications agency, the Economics Ministry and the Amsterdam Cable Television Company. The project developer is VOM Netherlands, a mixed venture capital company.

Delays are already plaguing the project, though. Bureaucratic tangling at the Dutch PTT has prevented the fixing of rental rates, which will incorporate fees for communications facilities and services. Most of these facilities and services will be opened to private competition by 1988 and the PTT is struggling to decide now how to position itself against the market.

Besides the Teleport hotel, four other new hotels are springing up to fill a shortage of beds. The total number of beds will be expanded by 5 per cent to 21,000 by next year with the completion of a Holiday Inn, Etap/Wagon Lits hotel, Swiss Tradition hotel and KLM Golden Tulip hotel.

Amsterdam's new hotel policy, recently announced, reflects the more dynamic planning policies emanating from city hall. The aims of fuelling growth in neighbourhoods and attracting foreign guests will provide the main criteria for new hotels and expansion projects.

Ambitious strategy to expand

Schiphol Airport

LAURA RAUN

AMSTERDAM'S SCHIPHOL airport has been named the best, most efficient, most convenient airport, so many times in recent years that it easily could ride on its laurels. But that's not happening.

Schiphol is charging ahead with an ambitious Fl 1.5bn (£400m) 10-year expansion and modernisation plan that is designed to prepare for a doubling of passengers and freight by the year 2000. As worldwide air traffic continues to grow, Schiphol aims to capture a bigger share by building on its established reputation for reliability and comfort.

The strategy lies in promoting Schiphol as an efficient link for transit passengers and cargo, a convenient entry for tourists and business travellers and a sophisticated distribution centre for merchandise goods.

Mr A. H. Huijerman, the airport's managing director for finance says: "There will develop over the long-term five or six very important gateways in the world. We aim to be one of those gateways."

Schiphol ranks fifth in passengers and fourth in cargo among European airports and is one of the fastest growing, causing no small worry for the London airports which also are engaged in major improvements. Because of the relatively small domestic market, Schiphol is Europe's most international airport and already serves as an important gateway to Europe because of the Netherland's location and highly developed transport facilities. One-third of all passengers are in transit.

Like much of the Netherlands, the airport sits on polder land that was dredged up a century ago from a waterway and is still four metres below sea level. The Haarlem lake, south of Amsterdam, was filled with boats sailing to Haarlem, giving rise to the name Schiphol, or ship's hole. Begun as a military airport around 1916, Schiphol became Amsterdam's municipal airport a decade later. In 1958 it was shared out, with the Dutch Government taking a 76 per cent stake and the city of Rotterdam 2 per cent.

A limited liability company, Schiphol is financially self-supporting, receiving no subsidies for operations or losses and planning to finance much of the Fl 1.5bn investment programme internally. Operating profit amounted to Fl 31.5m last year, about the same level as in 1984. The airport is served by 64 airlines with connecting flights to 190 cities in 85 countries.

Passenger traffic rose by 8 per cent to 11.7m last year, but growth is expected to slow to around 3½ per cent this year, mostly due to heavy cancellations by American tourists fearful of terrorism and robbed of the strong dollar. Mr Huijerman insists that the airport's security system compares favourably with others but extra safety measures have been provided for the American airlines after the terrorist attacks on the Rome and Vienna airports last Chrismas.

Freight traffic, which depends heavily on North Atlantic routes, fell a slight 0.5 per cent to 436,000 tonnes last year on the slowdown in the US economy and the weaker dollar. But it is expected to rebound about 3 per cent this year despite the decline in world trade.

Start-up

The number of aircraft movements rose 7 per cent last year, the first increase since 1979 when the second oil crisis slowed air traffic. The start-up of Netherlines, a new regional airlines, fuelled much of the growth. Regional airlines and helicopter service to offshore oil and gas operations in the North Sea are expected to continue to expand in coming years.

The heavy modernisation plan, which is due to be finished about 1995, involves almost all aspects of the sprawling airport and is designed to exploit the airport's strategic role in trade and tourism. Schiphol was targeted several years ago as one of the Netherlands' most promising commercial activities in the seminal Wagner Commission report which outlined rapidly growing economic sectors for special Government attention.

The investment programme, which began last year, involves the following:

● Enlargement of the terminal building. Schiphol believes its "one terminal concept" is a major advantage for transfer passengers, who arrive in the same terminal from which they eventually depart. The terminal will be refurbished and expanded to connect to one of two new piers.

● Demolition and reconstruction of the "C" pier to double the length and nearly double the aircraft capacity to 10 accommodations, with completion scheduled for next year.

● Construction of an entirely new "E" pier in the 1990s, with new aprons built sooner to provide more aircraft parking space.

● Introduction of a computerised baggage sorting system and construction of a new baggage basement, including special facilities for rush luggage.

● Widening of access roads and enlargement of the parking garage to cope with increasing auto traffic bringing passengers to the facility.

● Construction of several new freight sheds and a freight station. These will be used by many of the 400 companies located at the airport which use Schiphol as an entrepot for Europe, the Middle East and Africa. These companies take advantage of the special Dutch system of bonded freight warehouses that can be built anywhere and offer a kind of free trade zone. The warehouses are used to stockpile goods, free of import duties, until forwarding to the final destination.

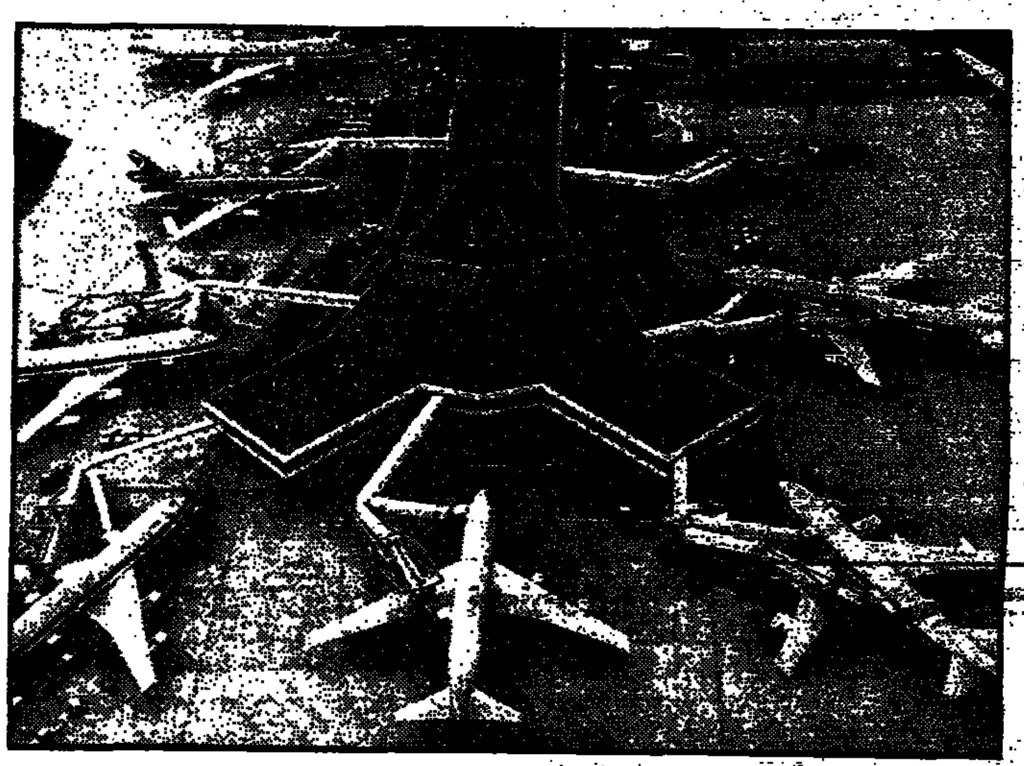
● Introduction of a computerised customs systems that will electronically link customs agents, air carriers, freight forwarders and merchandise companies to provide almost paperless documentation.

Dr Enneus Heerma, Amsterdam alderman in charge of economic affairs, recently explained in a municipal publication the importance of Schiphol's ambitious improvements. "With 30,000 employees, Schiphol is a bigger employer than the city itself. When you consider that it doesn't look so crazy to justify investments of Fl 1.5bn. Schiphol has a magnetic function for a lot of other commercial aspects of the city."

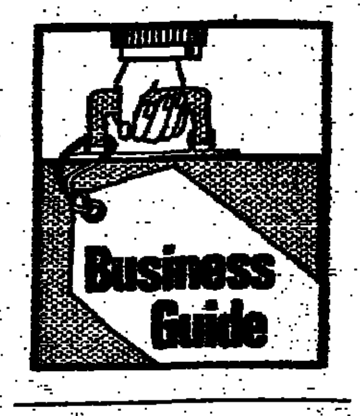
As one of the world's most modern and convenient airports, Schiphol has received a string of prizes over the years. Business Traveller and Executive Travel, British magazines for business travellers, both named Schiphol the best airport in the world last year. It was the fourth time that Schiphol has been commended by both.

Travel Check, the Belgian travel magazine, and the international airline passengers association also cited the Dutch airport as the best in the world.

Schiphol wants to keep things that way.



One of Schipol's arrival/departure piers. The airport is being developed to double its capacity by the year 2000



By LAURA RAUN

AMSTERDAM is a convenient city for the business traveller because of its compactness and efficient transit system. Moreover, most Dutch people speak English as well as French and German. A map is helpful, however, as the crescents of canals in the centre sometimes carve up the streets into a confusing maze.

The city offers an ample array of entertainment and cultural delights after the work is done. Here is a list of hints for getting around the city and some of the better-known accommodations and amusements.

Amsterdam's layout stems from its founding 700 years ago, with Dam Square as the centre and the canals ringing the centre in semicircles. Beyond the inner city a more modern grid takes over.

● **Transport:**

It is important to know that taxis can't be flagged on the street but are available only at the many stands and by calling on the telephone. The telephone number of the central taxi exchange is 77 77 77 and frequently there is a queue of callers. A tape recording tells how many callers are in line ahead of you, so wait until a live voice answers.

Trams and buses criss-cross the city in a dense grid. Tickets can be purchased from the conductor, at news-stands and at the central railway station.

Trains run to The Hague and Rotterdam every 15 minutes and tickets can be purchased on the train for travellers in a hurry.

Schiphol airport is 12 kilometres south of Amsterdam, 25 minutes by taxi. The fare is about Fl 45 including tip. Trains run every 15 minutes from the airport to the Amsterdam South station, where the number 5 tram must be taken into the city centre.

● **Hotels:**

For travellers with business in the city centre, four hotels are convenient.

Pulitzer Hotel, Prinsengracht 315/331, tel 22 83 33.

Hotel d L'Europe, Nieuwe Doelenstraat 2, tel 23 48 36.

Sonesta, Kattengat 1, tel 21 22 23.

Amstel Hotel, Prof Tulpplein 1, tel 22 60 60.

● **Restaurants:**

Amsterdam restaurants excel at fresh fish and a variety of vegetables from greenhouses all year-round. Traditional Dutch fare is to be found in the quaint "brown cafes." An Amsterdam speciality is Indonesian "Rijstafel," which originates from the colonial days and comprises numerous highly spiced side dishes of meat and vegetables, served with rice.

● **Museums:**

Of Amsterdam's 40 museums, here are some of the best-known:

Rijksmuseum — National Museum, Stadhouderskade 42.

Vincent Van Gogh Museum—Collection of the artist's works: Paulus Potterstraat 7.

Stedelijk Museum — Works range from 1850 to the present; Paulus Potterstraat 13.

Amsterdam Historical Museum — Displays depicting Amsterdam's past: Kalverstraat 92.

Anne Frank House—a preserved canal-house where the now-famous Jewish girl hid during World War Two: Prinsengracht 263.

● **Theatres include:**

Stadsschouwburg, Leidseplein 26, Tel 24 23 11.

Carre Theatre, Amstel 115/125, Tel 22 52 25.

● **Canal boat tours:**

Holland International—Prins Hendrikkade, opposite the Central Railway Station.

Kooy-Oude Turfmarkt 125.

DUTCH CURRENCY: Guilder (Florin); 100 cents equals one guilder.

National airline: KLM Royal Dutch Airlines (Tel. 74 77 47).

Tourist information: Tel. 26 64 44.

Useful addresses for business visitors include:

Central bank, Westeinde 1; Tel: 524 9111.

Stock exchange: Beursplein 5; Tel. 23 97 11.

Chamber of Commerce: Koning Wilhelminaplein 13; Tel. 17 28 82.

Clean-up helps the city

Tourism

LAURA RAUN

AMSTERDAM is Europe's fourth most popular capital after Paris, London and Rome, cities that are several times larger. But persistence and typical Dutch thoroughness have moulded tourism into the second most important industry in the city after banking and finance, with annual turnover of Fl 1.5bn.

Amsterdam's old-world charm has helped, of course. The tree-lined canals, gracefully gabled houses and quaint bridges still evoke images of the golden 17th century when shipping merchants built Amsterdam into a world power. The 700-year-old city, filled with modestly proportioned buildings and lace-curtained windows, retains an appealing village atmosphere reminiscent of the master Dutch painters.

A multitude of museums and monuments plus the internationally renowned Concertgebouw orchestra and Dutch National Ballet attract visitors from all over the world.

The number of international tourists has grown more or less steadily since 1950, with dips after the oil crises of the 1970s. The slogan "Surprising Amsterdam" has been used continuously for 20 years to foster name familiarity, a consistent image and co-ordinated activities in the industry. The number of visitors surged to a record 1.5m in 1984, with Americans accounting for more than 17 per cent.

The plummeting dollar trimmed that number by about 2½ per cent last year, according to Mr Bob Luyken, managing director of the VVV tourist industry association's Amsterdam office. This year looks flat to perhaps slightly higher, Mr Luyken adds. He has worked in the VVV Amsterdam office for 25 years and takes a rather philosophical view of the figures. "Tourism always goes in waves," he notes.

He concedes, however, that the terrorist attacks on the Rome and Vienna airports last Christmas have taken a heavy toll on tourism from the US. Many American tourists and tour operators cancelled plans to visit Amsterdam after the airport killings and the Dutch Government's security alert for the Netherlands.

The terrorism scare and weaker dollar together could cut the number of American tourists by as much as 15 per cent this year, he continues, although the fall is expected to be fully compensated by a rise in European tourists. Amsterdam hoteliers, worried about the heavy cancellations, have contributed largely to an extra Fl 1.5m allocated for advertising campaigns in the US and Canada by the Dutch Tourist Board.

The VVV's efforts to promote tourism involve two initiatives—to enhance the city's natural beauty and to improve promotion. Both dovetail with the energetic new policies emanating from city hall, aimed at reviving the economy and restoring Amsterdam's self-confidence.

Expectations

Mayor Ed van Thijn's concerted campaign to clean up the city has removed some of the tarnish from the old-fashioned image that visitors still expect to find, according to Mr Luyken. "They come to see windmills, tulips, cheese and every girl cleaning the windows," he explains. "Those expectations are too high," but some things can be done.

The mayor's other efforts also have been welcomed: greater co-operation with the business community to fuel inner city growth, more neighbourhood police patrols to combat street crime and ridding the Zeedijk district near central station of heroin dealers.

Amsterdam also is bidding to host the 1992 summer Olympics, an initiative that would have been unthinkable until a couple of years ago. The Dutch city is competing against a half dozen other contenders, but considers itself a front-runner with Barcelona and Paris. If Amsterdam is chosen on October 17, it will start preparing for 160,000 overnight guests and 250,000 visitors a day—a huge boost for tourism.

Improving promotion generally is the other concern of the VVV and a new mid-term policy plan for 1987-90 is in the offing. One aim is to draw more international conventions and "incentive" visitors, groups of employees who are given trips as sales incentives.

Conventioneers and incentive visitors, who account for only about 5 per cent of all tourists, are an attractive target because they spend more money and stay longer than leisure travellers.

One promotional effort that has achieved some success is the "Amsterdam's got it" campaign launched two years ago to freshen up the city's image within the Netherlands. Although domestic visitors account for only 5 per cent of all tourists, worries were growing that the capital city consistently ranked as a less desirable destination for fellow Dutchmen.

Similar to the successful "I Love New York" campaign, Amsterdam businessmen and city hall joined forces to saturate the city with the logo "Amsterdam's got it" over the smiling face of a canal house. A recent public opinion survey among the Dutch showed that Amsterdam had risen to the fourth most desirable Dutch city to visit.

However, there is still much room for improvement. The survey also showed that one in three still find Amsterdam too dirty and dangerous to want to visit.

هكذا من الأصل

INTL. APPOINTMENTS

Heinz Ruhnau stays on as Lufthansa chief executive

BY JONATHAN CARR IN BONN

MR HEINZ RUHNAU is to stay on as chief executive of Lufthansa, the West German airline, surviving a bout of turbulence which threatened to shake him out of the job.

The supervisory board of the airline, ignoring some thinly-concealed political sniping at Mr Ruhnau, has decided the Lufthansa chief's contract is to be renewed for five more years when it expires in 1987. The board says it is sure the airline, which is 74 per cent state-owned, will continue to be well led right into the 1990s.

Speculation about Mr Ruhnau's future arose earlier this year when it was learned the airline had forfeited large sums, possibly totalling more than DM 200m ($86m), through currency transactions in connection with the purchase of aircraft in the US.

Mr Ruhnau, a member of the opposition Social Democrat Party (SPD), promptly came under fire for "reckless speculation" from the Christian Social Union (CSU), one of the partners in the centre-right coalition government. There were also rumours that at its meeting this month the supervisory board might oppose renewing Mr Ruhnau's contract—or at least postpone a decision.

The trouble began early last year when Lufthansa bought dollars heavily at a rate of DM 3.20 to help cover future purchases of US aircraft. The transaction was meant to protect the company against a further jump in the then-soaring dollar, but in the event the currency has dropped—to a current rate of around DM 2.30.

Senior bankers in Frankfurt, asked to comment independently, say they judge Lufthansa to have been unfortunate, not reckless. They also note that the same dollar fall which brought the problem should, along with the drop in the oil price, help cut Lufthansa's costs and boost its profitability.

Being in the eye of the storm is nothing new for Mr Ruhnau, aged 57, who was seven years a state secretary at the Bonn Transport Ministry before going to the top job at Lufthansa.

At the time, in 1982, the SPD was in government power in Bonn and there were suggestions—even from beyond the then opposition parties—that Mr Ruhnau's appointment was politically inspired.

In the meantime the Lufthansa chief appears to have won increasing respect, not least within the airline itself, for his hard work and efficiency. Last year he was able to announce that 1984 net profit had more than doubled to DM 162m (some $70m) and that the dividend would be raised. The 1985 profit figure is believed to have been at around the same level, despite the currency problems.

International reshuffle at Amex bank

AMERICAN EXPRESS BANK (AEB) has announced changes to its international merchant banking operations.

Mr R. Paul Fukuda, who previously managed the bank's business in Japan, Hong Kong, Taiwan, the Philippines and Korea, will head its merchant banking group in Hong Kong. Mr Axel Hirschberg, previously with Merck, Finck Co., Munich, has joined the group as a senior vice president and will head the bank's merchant banking group in London.

Mr Salim M. Lalani, formerly with Bank of America International, London, has joined the London merchant banking group and Mr Kuen B. Kim, previously a vice president at Bankers Trust in New York, has joined AEB's Hong Kong merchant banking group as a first Vice President.

Kuwait bank UK role

MR RAMEZ K. SARKIS has been appointed general manager, London of the National Bank of Kuwait, in succession to Mr Neville A. S. Mills, who is retiring.

Nokia sets up new board

BY OLLI VIRTANEN IN HELSINKI

NOKIA, the Finnish multi-branch company with interests in electronics, paper and rubber industries, has reshuffled its organisation by introducing the new body of supervisory board and appointing the current group president, Mr Kari Kairamo, as chairman of the board of directors. Mr Kairamo will continue as chief executive officer of the Nokia group.

The reason given for the moves is the company's rapid growth and diversification which have increased the work load of the top management. The new supervisory board acts above the board of directors and "actively controls the company's operations."

The supervisory board consists of the members of the previous, non-executive board of directors while the new board of directors is made up of six company directors, including Mr Kairamo.

The new president and chief operating officer of Nokia will be Mr Simo Vuorilehto, currently a company vice president.

Kidder Peabody technology move

KIDDER PEABODY, the New York investment bank, has set up a group with a staff of 30 to handle mergers and acquisitions, and corporate finance in the high technology field. Mr Robert J. Conrads takes charge of mergers and acquisitions, and Mr Robert Pangia corporate finance.

* * *

MOSELEY, Hallgarten, Estabrook and Weeden Holding Corporation, the New York financial services group, has appointed Mr James W. Wolitarsky executive vicepresident and chief financial officer.

Mr Wolitarsky, 40, joins Moseley from Philadelphia National Bank where he was senior vice president and director of product management and development.

* * *

Bear Stearns & Co. has announced the appointment of Mr Lawrence Kudlow as chief economist and associate director of the company, reports AP-DJ from New York.

Mitsubishi Banking US chief

By Our Financial Staff

MITSUBISHI TRUST and Banking, Japan's largest trust bank, has appointed Mr Michihiro Sekiya as chairman and president of Mitsubishi Trust (USA), its newly formed New York offshoot.

Mr Sekiya, currently general manager of the bank's existing New York branch, has been with Mitsubishi Trust for 27 years and has been with Mitsubishi Trust for 27 years and has held previous positions in London and Hong Kong. The new unit will offer banking and trust (fund management) services to US companies, financial institutions and government agencies.

"The commitment to establishing a truly American banking subsidiary is further evidenced by the American directors as well as senior management of the new bank," Mr Sekiya says.

Mr Thomas Ivanyi has joined as vice chairman and managing director after 20 years with Citibank.

CME elects operating head

Mr Michael J. Apatoff, special assistant to the US House of Representatives' majority whip, is to be executive vice president and chief operating officer of the Chicago Mercantile Exchange (CME).

Mr Apatoff, 30, will be responsible, as from June 1, for the exchange's day-to-day operations. He will report to the CME president and chief executive, Mr William J. Brodsky.

Credit Agricole post

Credit Agricole has appointed Mr Rainier Glott, 51, senior vice-president and general manager of the subsidiary it is due to open in Frankfurt in October.

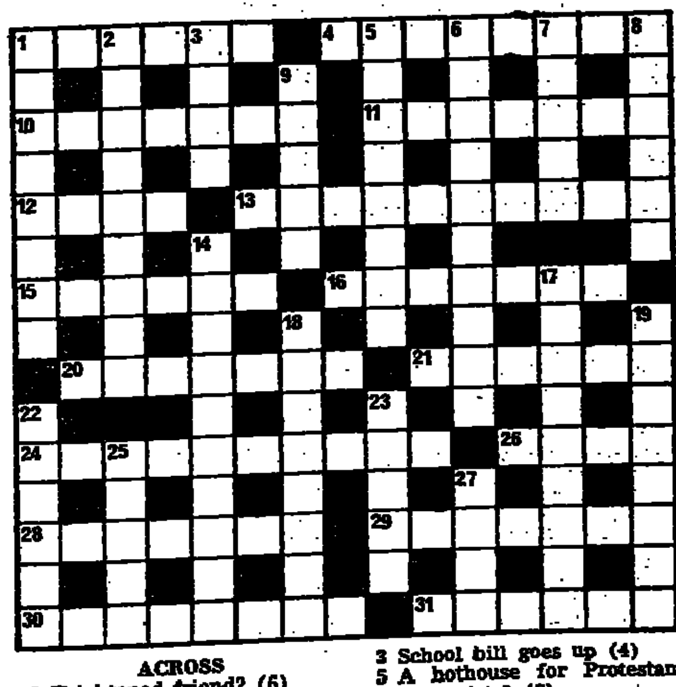
Before joining Credit Agricole, Mr Glott was with Chase Manhattan Bank in Europe. He was for a time manager of the Chase branch in Frankfurt, and eventually area treasury executive in London.

US Steel unit move

MR BROCK ROWLEY, 53, has been appointed president of the American Bridge division of US Steel, in succession to Mr Edward L. Smith. The division is involved in computer-aided engineering design, and the construction of such things as buildings, bridges and blast furnaces. Mr Smith remains president of USS Engineers and Consultants.

FT CROSSWORD PUZZLE No. 5,996

DANTE



ACROSS

1 Frightened friend? (6)
4 Red Indian organisation of coachmen (8)
10 View of spreadeagled stumps to a batsman? (7)
11 Runner allowed to take part in a different heat (7)
12 Miss out certain doctrines (4)
13 Picture-house (3, 7)
15 Turn to band with faint praise (3, 3)
16 A secondary teacher (7)
20 Fastened by a thread (7)
21 Equally an expansive person (2, 4)
24 Censorious writer (4, 6)
26 Bill turned in a murderer (4)
28 Given command (7)
29 It unfits men for high positions (7)
30 Wild glen redeveloped for housing (8)
31 The angle from which a goal may be headed in? (6)

DOWN

1 Result of division not quite correct (8)
2 Yet someone has to pull the trigger (9)
3 School bill goes up (4)
5 A hothouse for Protestant extremists? (8)
6 No cause for rejoicing when standards are as low as this (2, 4-4)
7 West Indian going round Cheshire town (5)
8 Name that's evenly distributed for girls or boys (6)
9 Risk involved with a novice playing the bagpipes (5)
14 Inflationary turn of the screw? (4, 6)
17 Ennoblement for the architect? (9)
18 Checked the speed of a horse (6, 2)
19 Noise—of dropped brick? (8)
22 Sailor on the way overseas (6)
23 One may see through this riddle (5)
25 Not appropriate, being excessive (5)
27 Vivacity I found in a revolutionary sphere (4)

The solution to last Saturday's prize puzzle will be published with names of winners next Saturday.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

AUTHORISED UNIT TRUSTS & INSURANCES

Sentinel Funds Mngmnt Ltd
30 City Road, London EC1Y 2AY — 01-628 6626

American Mgmt	69.2	73.0	-1.3	1.12
Amer Tech & Gen Fd	104.0	111.3	-0.4	0.55
European Growth	29.6	30.9	-0.5	0.03
European Income	31.5	33.7	-0.1	5.00
Energy	538.7	576.4	+7.8	2.03
Intnl Growth Fd	26.8	28.7	+0.2	0.13
International Income	57.5	61.5	-0.4	4.96
Jap Tech & Genl	83.8	89.7	+1.7	0.01
Pacific Fund	150.4	160.9	+2.1	0.01
Secure Income Fd	179.0	191.5	+1.6	4.54
Small Co's Fd	37.4	40.0		1.45
Special Sits	213.7	228.6	+2.3	2.18
UK General Fund	35.0	37.5	+0.3	2.32

Standard Life Trust Mgmt. Ltd
3 George St, Edinburgh EH2 2XZ — 031 225 2552

Income Units	262.1	280.9xd	+5.5	2.83
Accum Units	290.0	310.8	+6.0	2.83

Stewart Ivory Unit Trust Mgrs Ltd (a)
45 Charlotte Sq, Edinburgh — 031-226 3271

American Fund	222.7	237.3	+1.7	2.15
(Accum Units)	250.1	266.4	+1.3	2.15
(Withdrawal Units)	161.2	171.7	+0.8	2.15
Australian Fund	124.7	132.8	+1.1	1.00
(Accum Units)	[illegible]	134.3	+1.2	1.00
British Fund	583.5	621.4	+5.5	4.28
(Accum Units)	786.0	837.0	+7.4	4.28
European Fund	262.3	279.4	-0.2	0.88
(Accum Units)	276.2	294.2	-0.2	0.88
Japan Fund	255.7	272.3	+0.3	0.37
(Accum Units)	260.1	273.7	+0.3	0.77
Smaller PPP	165.1	173.8	+8.3	—

Sun Alliance Fund Management Ltd
Sun Alliance House, Horsham — 0403 56293

Equity Tst	400.8	426.3	+1.3	1.95
North America	57.6	61.2	+0.7	1.25
Far East	65.7	69.8	+0.6	0.14

Sun Life Trust Mgmt. Ltd
107 Cheapside, London EC2V 6DU — 01-606 6010

American Growth Acc	31.6	33.6	-0.1	7.4
American Income Acc	30.8	32.8	+0.1	5.5
American Income Inc	30.4	32.4	+0.1	5.5
European Growth Acc	48.0	51.1	+0.2	0.8
Far East Growth Acc	35.9	38.2	+0.4	0.6
Int. Growth Acc	32.7	34.8	+0.2	2.0
Japan Growth Acc	45.4	48.3	+0.8	0.1
Uk Growth Acc	37.0	39.4	+0.2	2.7
Uk Income Acc	33.1	35.2	+0.1	5.3
Uk Income Inc	32.4	34.4	+0.1	5.3
Managed Growth Acc	38.6	41.0	+0.3	2.0
Managed High Yield Inc	46.0	49.0	-0.1	7.0
Managed Income Inc	36.7	39.0	+0.3	3.5

Aetna Life Insurance Co Ltd
401 St John St, London EC1V 4QE — 01-833 2303
Life Funds (Accumulator Units)

Squirrel	10.38	10.93		—
Bear	10.35	11.95	+0.03	—
Owl	11.91	12.54	+0.03	—
Bull	12.34	12.99	-0.02	—
Stag	11.89	12.53	+0.01	—
Gilt-Edged		11.1	+0.05	—
Deposit		4.57		—

Pension Funds (Accumulator Units)

Squirrel	10.92	11.50		—
Bear	12.19	12.84	+0.03	—
Owl	12.91	13.59	+0.04	—
Bull	13.58	14.30	-0.01	—
Stag	13.00	13.69	+0.01	—
Gilt-Edged		11.11	+0.05	—
Deposit		4.62		—

Exempt Approved

Mixed Managed	131.40	134.09	+0.35	—

Albany Life Assurance Co Ltd
3 Darkes Lane, Potters Bar — 0707 42311

Equity Fd Acc	714.1	751.7		—
European Fd Accum	190.0	199.5		—
Fixed Int Acc	306.4	322.4		—
Gtd Money Fd Acc	195.3	205.5		—
Intl Man Fd Acm	291.0	306.3		—
Intl Fxd Int Fd Acc	176.0	185.2		—
Japan Fund	205.3	216.0		—
Nth American Fd Acc	163.8	172.4		—
Prop Fd Acc	198.1	208.5		—
Multiple Inv Acc	498.7	524.9		—

Pension Funds

Eq Pen Fd Acc	1292.3	1360.3		—
Euro Fd Acc	239.5	252.1		—
Fixed Int Acc	575.5	605.7		—
Gt Money Pn Acc	314.3	330.7		—
Intl Man Fd	406.1	427.5		—
Jap Pen Fd Acc	262.4	276.2		—
N Am Pn Fd Acc	190.7	200.7		—
Property	289.0	304.2		—
Mltple Inv Pens Acc	924.2	972.7		—

Allied Dunbar Assurance Plc
Allied Dunbar Ctr, Swindon SN1 1EL — 0793 28291

Fixed Int Dep Acc	215.8	227.2		—
EquityAcc	634.8	668.3		—
PropertyAcc	311.0	327.5		—
Far East Acc	126.9	133.6		—
Managed Cap	312.0	328.5		—
Managed Acc	503.9	530.5		—
O'seas Earnings Acc	423.3	445.6		—
Gilt EdgedAcc	271.9	286.3		—
American Equity Acc	353.7	372.4		—

INSURANCES

[illegible]

INSURANCE, OVERSEAS & MONEY FUNDS

[illegible]

OFFSHORE AND OVERSEAS

[illegible]

Money Market Trust Funds

	Gross	Net	Gr Equiv CAR	Int Cr
The Charities Deposit Fund				
77 London Wall, London EC2N 1DB			01-588 1815	
Deposit	11.00		—	3-Mth
The Money Market Trust				
63 Qn Victoria St, EC4N 4ST.			01-236 0952	
Call Fnd	10.79	8.07	11.81	Qtr
7-day Fnd	11.43	8.69	12.76	Qtr
Oppenheimer Money Management Ltd				
66 Cannon St, EC4N 6AE.			01-236 1425	
Call Fnd	10.73	8.02	11.52	6-Mth
7-day Fund	11.00	8.22	11.82	6-Mth
Dollar	6.87	—	—	6-Mth

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int Cr
Adam & Co. plc				
22 Charlotte Sq, Edinburgh EH2 4DF			031-225 8484	
Full Service Cur Acc	11.00	8.00	11.77	Qtr
Aitken Hume				
30 City Road, EC1Y 2AY.			01-638 6070	
Treasury Acc	11.00	8.22	12.12	Qtr
Min. Int. Chq	11.20	8.32	12.20	Mth
Allied Arab Bank Ltd				
97-101 Cannon St, London, EC4N 5AD			01-283 9111	
HIBCA	11.125	8.32	12.17	Mth
Bank of Scotland				
38 Threadneedle St, EC2P 2EH.			01-628 8060	
Money Mkt Cheque Acc	10.06	7.51	10.94	Mth
Barclays Prime Account				
PO Box 125, Northampton			0604 252891	
High Int. Cheque	10.125	7.375	10.66	Qtr
Britannia Investment Services Ltd.				
74-78 Finsbury Pavement, EC2A 1JD.			01-588 2777	
Cater Allen	10.50	7.86	11.46	Mth
Charterhouse Japhet plc				
1 Paternoster Row, EC4M 7DH.			01-248 3999	
Sterling	11.00	8.22	12.03	Mth
U.S. Dollar	6.75	5.05	7.27	Mth
German Marks	4.00	2.99	4.27	Mth
Swiss Francs	1.50	1.12	1.59	Mth
Japanese Yen	4.75	3.55	5.08	Mth
Citibank Savings				
St Martins Hse, Hammersmith Grove			01-741 4941	
Money Market Plus	£5,000+	8.20	12.14	Mth
For other rates please 'phone our Ratesline 01 346 9768				
Co-operative Bank Cheque & Save				
78-80 Cornhill EC3 01-626 6543				
£500-£2,500	7.38	5.50	7.90	Qtr
£2,500+	10.03	7.50	10.86	Qtr
Dartington & Co Ltd				
Dartington, Totnes, Devon TQ9 6JE			0803 862271	
Money Mkt Acc	11.00	8.22	11.94	Qtr
Edward Manson & Co Ltd				
9 Henrietta Place W1M 9AG			01-631 3313	
Cheque Deposit Acc	11.00	8.22	12.02	Mth
Henderson/Bank of Scotland				
38 Threadneedle St EC2P 2EH			01-628 8060	
Money Mkt. Cheque Acc.	10.06	7.51	10.94	Mth
Legal & General (Money Mngrs) Ltd				
355 Euston Road, NW1 3AG			01-388 3211	
High Int Dep Acc	12.04	9.00	12.96	6-mth
Lloyds Bank PLC				
71 Lombard St, London EC3P 3BS			01-626 1500	
HighIntCheque Account	10.25	8.00	11.61	Qtr
Lombard North Central PLC				
17 Bruton St, W1A 3DH			01-409 3434	
14-Day Notice	11.000	8.223	11.583	—
M & G/Kleinwort Benson				
91-99 New London Rd, Chelmsford.			0245 51651	
H.I C.A. (£2,500+)	10.12	7.56	11.03	Daily
Midland Bank plc				
PO Box 2, Sheffield.			0742 20999 Ext 8665	
High Int Chq Acc	10.03	7.50	10.54	Qtr
£10,000+	10.37	7.75	10.92	Qtr
Oppenheimer Money Mgmnt Ltd				
66 Cannon St, EC4N 6AE			01-236 1425	
Money Mngt. Acc	10.375	—	—	3-Mth
Phillips & Drew Trust Ltd				
120 Moorgate, London EC2M 6XP			01-628 9771	
High Int Chq Acc	10.625	7.94	11.52	Qtr
Provincial Trust				
30 Ashley Rd, Altrincham, Cheshire			061-928 9011	
High Int Chq Acc.	11.50	8.60	12.61	Mth
Royal Bank of Scotland plc				
24 Lombard St, London EC3V 9BA			031-557 0201	
Premium Account	11.00	8.22	11.94	Qtr
Save & Prosper/Robert Fleming				
28 Western Rd, Romford RM1 3LB.			0708 66966	
H.I.B.A.	10.23	7.65	11.19	Daily
Tyndall & Co				
29-33 Princess Victoria St, Bristol			0272 732241	
Demand Acc	10.48	7.83	11.36	Qtr
Money Acc	10.53	7.87	11.38	Qtr
J. Henry Schroder Wagg & Co Ltd				
Enterprise House, Portsmouth			0705 827733	
Special Acc	9.75	7.29	10.77	Mth
Over £10,000	10.00	7.48	11.06	Mth
Western Trust & Savings Limited				
The Moneycentre, Plymouth PL 1SE			0752 24141	
High Int Chq Acc	11.56	8.64	12.56	Qtr

NOTES—Gross: rate ... Gr Equiv CAR: Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr: frequency interest credited.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. ‡ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ● Yield column shows annualised rates of NAV increase. xd ex dividend.

TRADITIONAL OPTIONS

3-month call rates

Industrials	p		
Allied-Lyons	28	Marks & Spencer	18
BAT	38	Midland Bk	44
BOC Grp	32	NEI	11
BSR	14	Nat West Bk	70
BTR	45	P & O Dfd	45
Babcock	20	Plessey	20
Barclays	45	Polly Peck	16
Beecham	32	Racal Elect	17
Blue Circle	55	RHM	20
Boots	26	Rank Org Ord	48
Bowaters	30	Reed Intnl	75
Brit Aerospace	48	Sears	12
Brit. Telecom	17	TI	42
Brown (J)	3	Tesco	30
Burton Ord	32	Thorn EMI	35
Cadburys	17	Trust Houses	12
Charter Cons	22	Turner Newall	18
Comm Union	28	Unilever	120
Courtaulds	26	Vickers	40
Distillers	52	Wellcome	19
FNFC	15	**Property**	
Gen Accident	75	Brit Land	16
Gen Electric	17	Land Secs	30
Glaxo	100	MEPC	32
Grand Met	34	Peachey	24
GUS 'A'	75	Samuel Props	18
Guardian	75	**Oils**	
GKN	32	Brit. Oil & Min	2½
Hanson Tst.	16	Brit Petroleum	48
Hawker Sidd	52	Burmah Oil	30
ICI	50	Charterhall	3
'Imps'	28	Premier	3½
Jaguar	27	Shell	55
Ladbroke	32	Tricentrol	15
Legal & Gen	79	Ultramar	18
Lex Service	38	**Mines**	
Lloyds Bank	55	Cons Gold	40
Lucas Inds	60	Lonrho	25
		Rio T Zinc	50

A selection of Options traded is given on the London Stock Exchange Report Page.

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

AMERICANS—Cont.

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS—Cont.

Dividends Paid		Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's	P/E
Sept	Apr	Countryside Props	402	10.2	5.74	5.1	2.0	10.1
Oct.	April	Crouch (D) 20p	142	10.3	5.93	♦	5.9	♦
Sept	Mar	Dew (George) 25p	87	24.2	6.0	1.2	9.7	12.3
October		Douglas (Robt. M)	73	10.2	1.75	2.6	3.4	13.0
October		♣Dunton Group 5p	20xd	1.4	†0.24	4.3	1.7	15.4
May	Oct	♣EBC 50p	190xd	1.4	7.15	♦	5.3	♦
Dec.	June	Erith	89	14.10	3.3	♦	5.4	♦
February		Fairbriar 10p	146	23.12	R4.0	2.7	3.9	13.5
Dec	June	Feb Intl 10p	85	11.11	†d2.9	0.7	6.9	(46.1)
Dec	June	Do 'A' 10p	59	11.11	†d2.9	0.7	9.9	(32.0)
Oct	Apr	Federated Housing 5p	102xd	1.4	3.3	3.0	4.6	10.3
Jan	Oct	Finlan Group 10p	60	10.2	g3.04	0.9	8.9	23.4
Apr	Nov	Galliford 5p	90	10.3	4.4	1.5	6.9	14.0
May		Gibbs Dandy A 10p	42	15.4	1.8	♦	6.3	♦
July	Jan	Gleeson (MJ) 10p	360	25.11	5.37	5.4	2.1	12.4
Feb.	Oct	HAT Group 10p	103	13.1	†3.7	2.3	5.1	10.3
—	—	Helical Bar	190	6.81	—	—	—	—
Dec.	July	Henderson Group	240	11.11	†6.0	2.6	3.5	13.5
Dec.	July	Hewden-Stuart 10p	68	14.10	1.7	♦	3.6	♦
Jan.	July	Do 10pcLn 03-08	£104	9.12	010%	—	—	—
April	Oct	Heywood Williams	210xd	21.3	g6.75	2.0	4.5	13.6
Dec.	June	Higgs & Hill	600	14.10	†12.3	3.4	2.9	13.0
Oct.	Mar	Howard Shut 10p	32½	10.2	d1.4	1.6	6.1	12.3
Dec.	May	Ibstock Johnsen	190	14.10	4.8	♦	3.6	♦
		Instal Amco Con	65	—	—	—	—	—
Mar.	Oct	Jarvis (J)	330	16.9	‡17.5	—	‡	—
April		♣Jayplant	32	11.3	0.25	3.9	1.1	24.7
Mar	Oct	Jennings AS.50	105	3.3	020%	2.1	4.6	10.4
Apr	Oct	♣Johnstones Pts. 10p	86	10.3	4.27	♦	7.0	♦
July		Lafarge Cop. F100	£135	4.7	023.25%	1.5	1.7	39.7
Nov	July	Laing (John)	430	16.9	7.0	♦	2.3	♦
Feb.	Aug	Latham (J.) £1	300	23.12	13.25	1.8	6.2	10.5
Jan.	July	Lawrence (W.)	97	28.10	#3.65	3.1	5.3	7.2
Nov	June	Lilley (F.J.C.)	87	28.10	†3.64	1.7	5.9	11.8
July	Feb	♣Lon. & Clydeside	138	27.1	5.6	2.0	5.7	12.3
Apr.	Oct	Lovell (Y.J.)	412	27.1	7.0	3.8	2.4	14.6
Apr	Oct	McAlpine (Alfred)	426	10.3	d12.5	2.8	4.1	12.2

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

Dividends Paid		Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's	P/E
July	Nov	Superdrug Strs. 10p	515	30.9	5.0	♦	1.4	♦
May	Nov	‡T & S Stores 5p	187	14.10	3.0	♦	2.3	♦
July		Tern Group	70	3.6	B2.0	0.2	4.0	—
Feb.	Aug	Time Prods. 10p	74	9.12	†1.5	2.7	2.9	15.4
—		Top Value Inds 10p	59	30.783	—	—	—	—
—		Underwoods 10p	182	—	R1.65	3.0	1.3	37.0
—		Upton (E) 'A'	31	11.80	—	—	—	—
		For Vantona Viyella see Coats Viyella						
June	Nov	WW Group	335	30.9	7.94	♦	3.4	♦
July	Dec	Ward White	308xd	9.4	M6.5	2.8	3.0	16.3
September		Warehouse	670	12.8	3.75	—	0.8	—
July		Wassall (J. W.)	55	17.6	1.0	5.8	2.6	7.0
—		♣Wickes 40p	166	—	L2.0	♦	1.7	♦
—		Wigfalls	110	7.81	u2.5	0.6	3.3	47.4
July	Nov	Woolworth Hldgs 50p	885	30.9	♦10.0	u3.1	1.6	23.3
Apr	Oct	Do. 8¾pc Ln 2000	£189	10.3	8¾%	—	4.6	—
—		♣World of Leather 10p	285	—	L2.5	♦	1.7	♦

ELECTRICALS

Dividends Paid		Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's	P/E
Dec	June	AB Electronic	300xd	1.4	8.0	3.3	3.8	10.4
May	Jan	A. & C. Sec Elecs 5p	51xd	1.4	♦1.3	3.8	3.3	11.3
—		AMS Inds 5p	76	10.3	L1.23	♦	2.3	♦
—		♣Acorn Cmptr 10p	64	11.84	—	—	—	—
June	Nov	♣Air Call	275	28.10	5.6	1.8	2.9	27.0
Sept	Mar	♣Alphameric 5p	132	27.1	†0.7	7.5	0.7	25.3
—		♣Amer Elect Comp 5p	19½	—	b0.87	2.8	6.4	7.7
April	Nov	Amstrad 5p	508	24.2	†0.94	20.9	0.3	20.9
—		♣Appl'd H'graphics 5p	220	—	—	—	—	—
—		♣Do Warrants	195	—	—	—	—	—
Aug	Dec	Apricot Comp 10p	98	9.12	1.5	7.0	2.2	9.4
July	Nov	Arcolectric 'A' NV 5p	34	10.14	0.72	♦	3.0	♦
—		Arlen 20p	85	5.81	—	—	—	—
April		ASEA AB. 'A'	£41¼xd	7.4	vQ18%	♦	2.0	♦
April		Do 'B'	£42	1.4	vQ18%	♦	2.0	♦
Oct	June	Atlantic Computr 10p	265	16.9	2.31	♦	1.2	♦
—		Audiotronic 2½p	14	—	—	—	—	—
Nov.	May	Auto'ted Sec. 10p	198	30.9	1.5	7.6	0.9	14.4

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

هكذا من الأصل

هكذا من الأصل

INDUSTRIALS—Continued

LEISURE—Continued

PROPERTY—Continued

INVESTMENT TRUSTS—Cont.

FINANCE, LAND—Cont.

MINES—Continued

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

Tins

Miscellaneous

Dividends Paid		Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's
Aug.	Feb.	Cons. Murch. 10c	225	13.1	‡Q80c	3.9	‡
—		♦Ennex Int. Ir10p	32	—	—	—	—
—		Greenwich Res.	88	—	—	—	—
Apr	Oct	Hampton Areas 10p	183	23.12	3.75	0.9	4.9
—		♦Highwood Res.	227	—	—	—	—
Fb Jan Ag Nv		Homestake Mining $1	£15½	30.1	Q20c	—	0.9
—		♦McFinley Red Lake	190	—	—	—	—
—		♦Musto Explorations	235	—	—	—	—
—		♦New Sabina Res C$1	45	—	—	—	—
—		Northgate C$1	222	9.77	—	—	—
Jan.	July	RTZ	710	28.10	22.0	♦	4.5
Jan	July	Do. 9½pcLn '95-2000	£147½	28.10	Q9½%	14.0	f6.6
—		♦Tara Expln $1	912	—	—	—	—

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INSURANCES

PROPERTY

LEISURE

OIL AND GAS

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

Finance, Land, etc

MINES

Central Rand

Eastern Rand

Far West Rand

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution base, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 29 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♣ Same interim; reduced final and/or reduced earnings indicated.
- § Forecast dividend, cover on earnings updated by latest interim statement.
- ¶ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ‡ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ¢¢ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment. Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Figures based on prospectus or official estimates for 1984. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	128		Fin 13% 97/02	£124⅞	+¼
Craig & Rose £1	613		Arnotts	385	−5
Finlay Pkg. 5p	49		CPI Hldgs.	62	
Holt (Jos) 25p	770		Carroll Inds	212	
IoM Stm. £1	83	+1	Dublin Gas	53	+3
			Hall (R & H)	69	
IRISH			Heiton Hldgs.	27	−1
Fund 11¼% 1988	£103½xd	+⅛	Irish Ropes	70	
Nat. 9¾% 84/89	£101⅞	+⅛	Unidare	190	+3

"Recent Issues" and "Rights" Page 26
(International Edition Page 28)

Company Notices

KLEINWORT, BENSON, LONSDALE LIMITED
US$25,000,000 8¼% BONDS 1987

Notice is hereby given that, in accordance with the Conditions of the Bonds, 3,026 Bonds each of $1 000 principal amount have been drawn for repayment at their principal amount on the 15th May 1986 in full settlement of the instalment of the sinking fund due 15th May 1986, the balance having been purchased for cancellation. From that date, interest on the Bonds so drawn will cease to accrue; their distinctive numbers are as follows:—

[illegible]

The Bonds were drawn in the presence of Mr I. R. Frame, Notary Public and Miss J. D. Reid, Kleinwort, Benson Limited, 20 Fenchurch Street, London EC3P 3DB.

On or after 15th May 1986, the above Bonds may be presented for redemption at their principal amount at the specified offices of the paying agents appointed as mentioned in the Conditions of the Bonds. Each of the above Bonds, when presented for redemption, must be accompanied by all the Coupons maturing after the redemption date. If such Coupons are not attached, the amount of the missing unmatured Coupons will be deducted from the sum due for payment. The Coupons due on 15th May 1986 should be presented for payment in the normal manner.

14th April 1986

Kleinwort, Benson, Lonsdale Limited

COMMERZBANK
AKTIENGESELLSCHAFT

The Annual General Meeting of Commerzbank A.G. will be held in Frankfurt on 23rd May, 1986.

Agenda for the Meeting

1. To present — The Annual Statement of Accounts and Annual Report of the Board of Management.
   — The Annual Report of the Supervisory Board, and
   — The Consolidated Annual Accounts and Annual Report, all for 1985;
2. To approve the payment of a dividend of DM. 8.00 per DM. 50 nominal amount of Shares held;
3. To approve the actions of the Board of Management for 1985;
4. To approve the actions of the Supervisory Board for 1985;
5. To elect two members to the Supervisory Board;
6. To appoint the Auditors for 1986.

United Kingdom shareholders who wish to attend and vote at the Annual General Meeting should inform Commerzbank A.G., London Branch, 10/11 Austin Friars, London EC2P 2JD, or S. G. Warburg & Co. Ltd., 33 King William Street, London EC4R 9AS, by 7th May, 1986, either of whom will make the necessary arrangements on their behalf.

Copies of the Company's Annual Report for 1985 in German will be available shortly from Commerzbank A.G. and S. G. Warburg & Co. Ltd. The report in English is in course of preparation.

COMMERZBANK AKTIENGESELLSCHAFT

14th April, 1986.

NOVA SCOTIA POWER CORPORATION
9¾% Sinking Fund Debentures 1989

The Bank of Nova Scotia Trust Company Channel Islands Limited as Fiscal Agent announce that the entire redemption instalment of US$3,000,000 due 15th May, 1986, was met by purchase in the market.

Queen's House
13-15 Don Road, St Helier
Jersey, Channel Islands

PARINTER BOND FUND S.A.
10 A Boulevard Royal
Luxembourg

NOTICE TO SHAREHOLDERS

Extract of the minutes of the meeting of the board of directors held on Thursday 8th April, 1986 at the Registered Office in Luxembourg, 10 A Boulevard Royal — "Resolution: postponement of the Annual General Meeting of shareholders. The Board of Directors decides unanimously to defer the Annual General Meeting to be held on Tuesday 15th April, 1986, statutory date, to Tuesday 6th May, 1986 at 12 hours."

J. Pierson
Secretary

USD 300,000,000
CAISSE NATIONALE DES TELECOMMUNICATIONS
Floating Rate Notes due 2000
AMENDMENT

Due to the fact that the notice fixing the new interest period was published with a delay of two business days, the interest period beginning April 14th, 1986 will be of one month.

The Fiscal Agent
Banque Nationale de Paris
(Luxembourg) S.A.

CAISSE NATIONALE DES TELECOMMUNICATIONS
Floating Rate Notes Issue of US$ 300,000,000 1985-2000

For the period of 1 month, from April 14 to May 14 1986 (30 days), the Notes will bear interest rate of 7 1/16 per cent per annum.

The payable interest due May 14 1986 for each nominal Note of US$10,000 will be US$58.85.

ORTAC INVESTMENT HOLDINGS INCORPORATED

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Ortac Investment Holdings Incorporated will be held at 27 Bd. Albert 1er, Monaco on Monday 5th May 1986 at 12 noon for the following purposes:

(1) To receive the Report of the Directors and the Accounts for the year ended 31st December 1985, and the Report of the Auditors.
(2) To re-elect the Directors of the Corporation.
(3) To re-appoint the Auditors and to authorise the Directors to fix their remuneration.

BY ORDER OF THE BOARD

14th April 1986

DIMOSIA EPIHIRISIS ELEKTRISMOU (PUBLIC POWER CORPORATION)
US$50,000,000
FLOATING RATE NOTES DUE 1994

NOTICE IS HEREBY GIVEN that for the interest period commencing on April 15th 1986 the Notes will bear interest at the rate of 7 1/4% per annum. The interest payable on October 15th 1986 against Coupon No. 8 will be US$18109.37 per US$500,000 Note.

Fiscal Agent
ORION ROYAL BANK LTD.

AUTOMOBILES PEUGEOT
French "société anonyme"
Capital: French Franc 1.900.000.000
Head Office:
75, avenue de la Grande Armée
Paris 16ème (France)
Commercial Register:
Paris B 552 144 503

SECOND NOTICE TO HOLDERS OF NOTES 11.50% 1986-1990 OF FRENCH FRANC 5.000

The noteholders of the international notes 11.50% 1985-1990 issued by AUTOMOBILES PEUGEOT who were called for April 3, 1986, being unable to meet validly for lack of quorum, the noteholders are again called to an Ordinary General Meeting, at 37, rue du Rocher—Paris 8ème (France) on May 2, 1986, at 3.30 p.m. in order to consider the same agenda as the one for the first meeting, that is:

—Appointment of the noteholders' permanent representatives, designation of the substitute representatives.
—Determination of the noteholders' representatives' powers and of the remuneration given to the permanent representatives.

To permit the noteholders to attend or to be represented at this meeting, the notes or their deposit receipts must be deposited at least five days before the date fixed for the meeting, at the offices of the banks having participated in the placing of these notes and from whom proxies or admission cards can be requested.

THE BOARD OF DIRECTORS

SOCIETE GENERALE ALSACIENNE DE BANQUE SOGENAL
French "Société Anonyme"
Capital: French Franc 218.300.000
Head Office:
8, rue du Dôme—67000 STRASBOURG
Commercial Register:
Strasbourg B 548 501 311

SECOND NOTICE TO HOLDERS OF FLOATING RATE NOTES 1985-1995 OF US$10,000

The holders of the international floating rate notes 1985-1995 issued by SOCIETE GENERALE ALSACIENNE DE BANQUE—SOGENAL, who were called for April 3, 1986 being unable to meet validly for lack of quorum, the noteholders are again called to an Ordinary General Meeting at 37 rue du Rocher, PARIS 8ème (France) on May 2, 1986 at 3 pm in order to consider the same agenda as the one for the first meeting, that is:

—Appointment of the noteholders' permanent representatives, designation of the substitute representatives.
—Determination of the noteholders' representatives' powers and of the remuneration given to the permanent representatives.

To permit the noteholders to attend or to be represented at this meeting, the notes or their deposit receipts, must be deposited at least five days before the date fixed for the meeting, at the offices of the banks having participated in the placing of these notes and from whom proxies or admission cards can be requested.

THE BOARD OF DIRECTORS

Contracts and Tenders

REPUBLIC OF SEYCHELLES
Greater Victoria Sewerage Project
Call for International Tenders

1. EMPLOYER
   Ministry of Planning and External Relations
   National House — PO Box 656
   Victoria — Mahe
   Seychelles
   Telephone: 24041 Telex: 2280 MINAE SZ
2. SUBJECT
   Contract B
   Pumping Stations and Pressure Pipes
   — Construction of 5 new pumping stations
     Civil works
     12 pumps total (4 stand-by)
     Pipeworks and fittings
   — Rehabilitation of 3 existing pumping stations
     Civil works
     6 pumps total (1 stand-by)
     Pipeworks and fittings
   — Electromechanical equipment (control panels, wiring) and handling equipment.
   — Laying of ductile iron pipes and fittings supplied by the Employer:
     diameter 450, length 2800 m
     " 400, " 100 m
     " 300, " 1000 m
     " 150, " 2400 m
3. TIME FOR COMPLETION
   12 months.
4. CONSULTING ENGINEERS
   — Societe Grenobloise d'Etudes et d'Applications Hydrauliques (SOGREAH)
     Service SAA
     BP 172 X
     38042 GRENOBLE CEDEX
     FRANCE
     Telephone: 76098022 Telex: 980876 F
   — National Consultancy Services (NCS)
     Investment House — PO Box 31
     Mont Fleuri
     Victoria — Mahe
     Seychelles
     Telephone: 21235/8 Telex: 2315 SZ
     Important: Tenderers requiring additional information should contact NCS.
5. PURCHASE OF TENDER DOCUMENTS
   The tender documents in English may be obtained on payment of:
   — 2500 SR to NCS (plus postage)
   or
   — 2800 FF to SOGREAH (plus postage)
   Method of payment will be by banker's draft enclosed with the application and made out to NCS or SOGREAH or by telex transfer to:
   — NCS Bank Account No. 529
     Habib Bank Ltd./PO Box 702/Victoria
   or
   — SOGREAH Bank Account No. 31489 00110 00083 493 429 02
     INDOSUEZ/15, boulevard Edouard-Rey/38000 GRENOBLE
6. LIMIT DATE FOR SUBMITTING TENDER
   30th June 1986.
   Tender shall be sent to:
   The General Manager
   National Consultancy Services
   Investment House — PO Box 31
   Victoria — Mahe — Seychelles
7. VALIDITY OF TENDER
   The Tender shall be irrevocable for a period of 120 days from the latest date fixed for receiving tenders.

THE SYRIAN ARAB REPUBLIC
Ministry of Irrigation
G.O.E.D.B., RABQA
No. 632/A
Date: 27/03/1986

FOREIGN CALL FOR TENDERS FOR THE SECOND TIME

Buyer:—
The General Organization for the Exploitation and Development of the Euphrates Basin (GOEDEB), RAQQA, AL-DERI, IA

Requirements:—
Seventeen (17) Crawler Tractors—for Horticulture with the following supplements per each tractor:—
— Rotary cultivator
— Plough
— Disc plough
— Sprayer

The technical specification and the special delivery terms attached to this call for tender can be obtained from the headquarters of (GOEDEB) in RAQQA or from any of Damacus or Aleppo offices.

— Delivery period: Shortest possible
— Bid bond: 5 per cent from the offer value to be submitted by bank guarantee issued through any branch of the C.B.S. and to be attached to the offer.
— Final Deposits: 10 per cent from the contract price to be submitted when signing the contract and to be valid for all the duration period of the contract.
— Offer should be placed in three envelopes:
  a) for bid Bond supporting documents concerning the offerer and tender.
  b) for technical details supported by catalogues and technical bulletins.
  c) for financial details. Then all in main envelopes stamped by the stamp of the offerer and featuring the subject of the tender.
— Offers should be submitted to the headquarters of the organisation in DERI, IA—, RAQQA or to any of its ending at the end of the official working hours on 22/05/1986, after which the offer should stand firm for 60 days.
— The offerer should be abide with the rules of the contracts issued by legislative decree No. 195 for the year 1974.
— Any offer coming after the A/M date will be ignored.

Director General
DR. ENG. ABDO KASEM
GOEDEB, RAQQA, SYR.

STRATHCLYDE REGIONAL COUNCIL WATER DEPARTMENT
INSTALLATION OF LABORATORY DATA MANAGEMENT SYSTEM

It is proposed to invite tenders from experienced contractors for the supply, delivery, installation and commissioning of a computer based Laboratory Data Management System for Strathclyde Regional Council Water Department.

The system will be installed at the Water Department premises in Balmore Road, Glasgow, and will be based on a mini computer, which must be capable of supporting up to sixty workstations.

Tenderers should offer for all of the system and on receipt of proposals based on an initial specification, the Council will select a short list of contractors. Those companies on the short list will then be invited to enter discussions with the Council and thereafter to submit a detailed tender. The initial specification can be obtained from the Director of Water, Strathclyde Regional Council, 419 Balmore Road, Glasgow G22 6NU.

All requests for clarification of requirements should be sent to the above address. Telephone enquiries should be addressed to Mr. A. Britton, Water Department, 041-336 5333.
The final date for receipt of request to participate will be Friday, 25th April, 1986.
Detailed tender documents will be sent to all contractors on the short list.

(Notice of this contract was dispatched to the Official Journal of the European Communities on 2 April 1986.)

W. T. DEVENAY
Director of Water

Legal Notices

COMPANIES ACT 1985
IN THE MATTER OF
UNITED RAILWAYS OF THE HAVANA AND REGLA WAREHOUSES LIMITED
(In Voluntary Liquidation)
Registered Office:
17 Southampton Place,
London WC1A 2EH

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of the Members (Holders of Consolidated Stock) of the above-named Company will be held at 17 Southampton Place, London WC1A 2EH, on the 12th May 1986 at 12.10 p.m., for the purposes of considering, and if thought fit, passing the following Resolutions:

1. THAT the resignation of Henry John Dunn Finchett, by reason of his retirement, as Liquidator of the Company with effect from close of business of the Meeting be and is hereby accepted.
2. THAT Adrian John Pontin of the firm of Ball Baker Leake, Chartered Accountants, be and is hereby appointed as Liquidator of the Company for the purposes of the Voluntary Winding-Up of the Company with effect from the close of business of this Meeting.
3. THAT the Account of the Liquidators acts and dealings and the conduct of the Winding-Up brought down to 12th May 1986 be and is hereby approved.

Dated this Seventh day of April 1986.
H. J. D. FINCHETT,
Liquidator.

NOTE:
A Member entitled to attend and vote at this Meeting is entitled to appoint another as his proxy to attend and vote in his stead. A proxy need not be a Member of the Company.

No. 00600 of 1986
IN THE HIGH COURT OF JUSTICE
Chancery Division In the Matter of
GOMME HOLDINGS PLC
and in the Matter of the Companies Act 1985

NOTICE IS HEREBY GIVEN, that a Petition was on the 6th March 1986 presented to Her Majesty's High Court of Justice for
(a) the sanctioning of a Scheme of Arrangement and
(b) the confirmation of the reduction of the capital of the above-named Company from £4,000,000 to £775,880 by cancelling shares in accordance with the terms of the said Scheme of Arrangement
AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before The Honourable Mr Justice Hoffmann at the Royal Courts of Justice, Strand, London, WC2 on Monday the 21st April, 1986.

Any Creditor or Shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said reduction of capital should appear at the time of hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any such person requesting the same by the undermentioned Solicitors on payment of the regulated charge for the same.

Dated this 12th day of April, 1986.
NORTON, ROSE, BOTTERELL & ROCHE
Kempson House
Camomile Street,
London EC3A 7AN.
Solicitors for the said Company.

IN THE MATTER OF
GLENCOE KNITWEAR LIMITED
AND IN THE MATTER OF
THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required on or before the 15th day of May, 1986, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned Philip Monjack, FCA, of 30 Eastbourne Terrace, London W2 6LF, the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 3rd day of April 1986.
P. MONJACK,
Liquidator.

Personal

WIMBLEDON DEBENTURE seats 1986 for sale. Tel: 01-630 7121.

Clubs

EVE has outlived the others because of a policy of fair play and value for money. Supper from 10-3.30 am. Disco and top musicians, glamorous hostesses, exciting floorshows. 189, Regent St., W1. 01-734 0557.

Art Galleries

MALL GALLERIES, The Mall, London SW1 (Nr. Admiralty Arch). Daily 10 am-5 pm. Admission Free. COLONIAL ART OF COLOMBIA. 3-19 April. 16th, 17th, 18th CENTURY WORKS FROM THE COLONIAL MUSEUM OF BOGOTA. COLOMBIAN CONTEMPORARY ART. 17-29 April. A presentative Collection including Works by BOTERO, OBREGON, GRAU, NEGRET and others.
THACKERAY GALLERY, 18 Thackeray St., W8. 01-937 5883. JASON BRATBY—First one-man exhibition. Until 25 April.

Personal

FINANCIAL TIMES
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WORLD STOCK MARKETS

AUSTRIA

[illegible]

BELGIUM/LUXEMBOURG

[illegible]

DENMARK

[illegible]

FRANCE

[illegible]

SWITZERLAND

[illegible]

GERMANY

1986 High	Low	Apr. 11	Price Dm
346	265	AEG	346
2,770	1,190	Allianz Vers.	2,770
325.6	260.2	BASF	319.7
350	270	Bayer	334
670	518	Bayern Hypo	660
618	468	Bayer-Verein	618
580	465	BHF Bank	565
645	483	BMW	576
501.5	232.5	Brown Boveri	294
355.8	268	Commerzbank	355.8
262.5	203	Cont. Gummi	262.5
1,457	1,147	Daimler Benz	1,457
510	426	Degussa	510
238	200	D'sche Babcock	226
920	723.7	Deutsche Bank	874.5
482	353.3	Dresdner Bank	482xr
280	205	GHH	255
451	380	Henkel	448.5
960	710	Hochtief	930
329	271.8	Hoechst	316
199	157	Hoesch Werke	183.5
636	470	Holzmann (P.)	610
246	201.5	Horten	228
527	426	Hussel	515
405	329	Karstadt	380
492	350	Kaufhof	469
393	287	KHD	310
125	92.5	Kloeckner	94.5
728	579	Linde	725
311.8	258	Lufthansa	271
247	190	MAN	218
311.8	235	Mannesmann	258
1,304	993	Mercedes Hld.	1,270
430	305	Metallgesell	372
4,350	3,150	Muench Rueck	3,800
650	548	Nixdorf	635.7
1,420	1,161	Porsche	1,205
297	231	Preussag	248.5
251.3	195	Rhein West Elect	243.6
395	330	Rosenthal	382
670	514	Schering	592
826.5	680	Siemens	715
198	158	Thyssen	185.5
390	290	Varta	386
331	273	Veba	329
202	140	V.E.W.	188
537	392	Verein-West	537
645	495	Volkswagen	646

NORWAY

1986 High	Low	Apr. 11	Price Kroner
172.5	142	Bergens Bank	150
477.5	354	Borregaard	384
179	151.5	Christiana Bk.	156.5
185	146	Den Norsk Credit	150.5
121	94	Elkem	121
197.5	156	Kosmos	162.5
191	134	Kvaerner	149.5
156.2	112.5	Norcem	113
487.5	400	Norsk Data	487.5
150.5	122	Norsk Hydro	136
[illegible]	[illegible]	Storebrand	[illegible]

SWEDEN

[illegible]

HONG KONG

[illegible]

SOUTH AFRICA

[illegible]

AUSTRALIA

[illegible]

ITALY

[illegible]

NETHERLANDS

[illegible]

SINGAPORE

[illegible]

JAPAN

[illegible]

SPAIN

[illegible]

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. * Price in Schillings.

CANADA

TORONTO

Closing prices April 11

[illegible]

MONTREAL

Closing prices April 11

[illegible]

OVER-THE-COUNTER

Nasdaq national market, closing prices April 11

Continued from Page 43

[illegible]

NEW YORK INDICES

[illegible]

CANADA

[illegible]

NEW YORK ACTIVE STOCKS

[illegible]

** Saturday April 5: Japan Nikkei 15,124.33. TSE 1,210.59.

Base value of all indices are 100 except JSE Gold—255.7, JSE Industrials—264.3, and Australia, All Ordinary and Metals—500. NYSE All Common—50; Standard and Poors—10; and Toronto Composite and Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

NEW INTERNATIONAL BOND ISSUES

Continued from Page 24

LUXEMBOURG FRANCS							
Swedish Match Fin. **	300	1991	5	8	100	Banque Paribas Lux.	8.000
CCF **	300	1991	5	8	100¼	Kredietbank Int.	7.837
Svenska Handelsbanken **	200	1991	5	8	(100½)	BIL	
YEN							
Bank of China ‡	50bn	1995	12	5.3	100	Nomura Secs.	5.370
Minnesota Min. & Mnf. ‡	15bn	1991	5	5¾	101⅛	Mitsubishi Fin. Int.	5.342
American Express ‡	20bn	1993	7	5⅝	101¼	Dai-Ichi Kangyo Int.	5.654

*Not yet priced. ‡ Final terms. ** Private placement. § Convertible. † Floating rate note. ¶ With equity warrants. || Currency-linked. (a) 50bp over 6m Libor, additional 50bp 4m tap. (b) Additional Ecu 49.5m tap. (c) ⅛ over 6m Libor. (e) 10bp over 3m Libor. (f) Partly-paid. (g) ⅜ over 6 m Libor. (h) First coupon paid in 1591, then annually. Note: Yields are calculated on AIBD basis.

Closing prices, April 11

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
24	10⅝	AAR s			20	44	21¼	21⅝	21⅝	
36½	17¼	AFG			17	387	u36⅝	36½	36⅝	+⅛
25⅞	10¼	AGS			15	92	21¼	20½	20⅞	−⅛
15	9⅞	AMCA				4	14	14	14	−⅛
57⅞	37½	AMR			9	4438	56¼	53⅞	56⅛	+1¼
25¾	18⅝	AMR pf2.18		8.6		10	25¼	25	25¼	+¼
21½	19	ANR pf 2.12		9.6		7	u22	22	22	−¼
12½	7⅝	APL			7	52	12	11⅝	12	+¼
16¼	13⅜	ARX			13	62	14⅞	14¼	14¼	−½
55⅝	32¼	ASA	.12a	5.3		411	37⅝	36⅝	37⅝	+1¼
16¾	10½	AVX		2.1		995	15½	15¼	15⅜	+⅛
31¼	22½	AZP	2.72	8.8	8	2381	31⅛	30⅝	30¾	−¼
66¾	49½	AbtLab1.68		2.0	21	1520	85½	84⅛	84½	−⅛
31⅞	19⅝	AccoWd.50		1.7	21	54	30⅛	29⅞	30	
24¾	10	AcmeC .40		3.0	19	35	13½	13⅜	13½	
9½	7	AcmeE .32b		4.0	15	10	8¼	8	8	
19¾	16⅛	AdaEx 1.90e		9.9		99	19⅛	18⅞	19⅛	+¼
29	14	AdmMl .40		1.5	12	10	27	27	27	
20⅜	8¾	AdvSys1.36t		7.2	18	118	18⅞	18¾	18⅞	+⅜
32½	22⅛	AMD				7224	31¼	30	30¼	+¼
12⅝	8¼	Adobe n				33	9⅛	9	9	
19⅞	14⅝	Adob pf1.84		11.		70	16⅞	16½	16½	
20¼	15½	Adob pf2.40		12.		135	19¾	19½	19½	−¼
17¼	8⅛	Advest .12a		.8	15	370	16	15½	15¾	
66¼	39⅞	AetnLf 2.64		4.1	17	1689	64¾	63½	63¾	−⅝
57½	52⅛	AetL pf4.97e		9.2		6	53¾	53½	53¾	+⅞
101	99¾	AetL pfC2.56e		2.5		40	u101½	101⅛	101½	+¾
69¼	29	Ahmns 1.38		2.2	8	10706	63⅞	63	63	−⅜
4¾	2½	Aileen			78	83	4	3⅞	3⅞	−⅛
82⅝	47	AirPrd 1.48		1.9	16	238	78½	77⅞	78	
27½	17½	AirbFrt .60		2.4	18	309	25⅜	24⅝	24⅝	−¾
2⅛	⅜	AlMoana 50c				86	½	15-32	15-32	
10¼	7	AlaP dpf.87		8.8		675	10	9¾	9⅞	−⅛
103¼	70½	AlaP pf 9		8.8		2265	103	102	102	−½

Continued on Page 43

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NYSE COMPOSITE CLOSING PRICES

Continued from Page 42

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
33¼	25½	PaPL	2.56	7.8	12	909	32⅞	32¼	32⅞	+½
48	34	PaPL	pf4.40	9.4		z200	47	47	47	
48	34¼	PaPL	pf4.50	9.8		z370	47	45⅝	45¾	+½
92½	64¾	PaPL	pf8.60	9.4		z550	91½	91½	91½	
25⅝	24	PaPL	dpr2.90	10.		3	29⅛	29	29	−⅜
87½	64⅜	PaPL	pr8.40	9.3		z600	u90	87	90	+3
29⅞	25½	PaPL	dpr3.25	11.		13	29⅝	29⅝	29⅝	+⅛
106	91	PaPL	pr 11	10.		184	u106⅞	106	106⅛	+⅜
89¾	60¼	PaPL	pr 8	9.1		z1400	88⅝	88	88	−1⅛
51⅞	34	Pennwlt	2.20	4.4		76	50½	49½	49½	−⅝
30¾	21⅞	Pennw	pf1.60	5.3		7	30¼	30	30	
91	38⅝	Pennzoil	2.20	4.3	23	6280	55⅝	49⅝	50¾	−4⅛
25⅝	14⅝	PeopEn	1.52	6.2	9	177	21⅝	21	21⅛	−⅛
31½	17⅝	PepBoy s	.22	.7	24	563	31¼	30⅞	30⅞	−¼
87	50½	PepsiCo	1.78	2.1	14	3318	84¾	83⅝	84⅝	+¼
35⅞	22⅛	PerkEl	.60	1.9	18	4456	31⅛	30¾	31	+¼
9½	5⅞	Prmian	1.02e	16.	6	524	6⅝	6¼	6¼	−⅛
18¾	11⅛	PeryD s	.22	1.4	18	138	16¼	16	16	−¼
30⅞	17⅞	Petrie s	.70	2.3	17	1338	u31	30½	30¾	+¼
28½	22¾	PetRs	3.51e	14.		135	25⅞	25⅝	25¾	
17¼	15¾	PetRs	pf1.57	9.2		146	17⅛	17	17⅛	
5⅛	2	Pprlnv	.88e	25.		59	3⅝	3⅝	3⅝	+⅛
61	41¾	Pfizer	1.64	2.8	17	3120	60	58⅝	58⅝	+⅛
32½	16¾	PhelpD			47	1056	29	28⅝	28⅞	+⅛
63	45	Phelp pr	5	8.7		193	57¼	57	57¼	+¼
57⅞	34⅞	PhibrS	.64	1.1	15	4093	56¾	55⅞	56¼	+⅜
[illegible]										

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
77½	41	Wolwth	2	2.6	14	440	77⅝	76	76⅛	−⅞
109	58¼	Wolw pf	2.20	2.0		2	108½	108½	108½	+2½
5⅝	3	WrldAr				15	4¼	4⅛	4¼	+⅛
116¾	60⅝	Wrigly	1.80a	1.7	18	14	109	107⅛	108	
4½	2⅝	Wurlitzr				50	3¼	3⅛	3⅛	−⅛
17½	10⅝	WyleLb	.32	2.0	80	158	16	15⅝	16	+½
19⅞	15	Wynns	.60	3.5		12	17½	17⅜	17⅜	−⅛
X Y Z										
72¼	42⅞	Xerox	3	4.5	15	4216	67¼	66	66½	+¼
57⅞	50¾	Xerox pf	5.45	9.5		5	57¼	57⅛	57⅛	−⅛
16¾	13½	Yorkln n				638	u16¾	15¼	16¼	+1⅛
37	26	ZaleCp	1.32	3.9	13	154	34⅛	33¾	33⅞	−⅛
15½	3½	Zapata	.05j			743	4½	4	4⅛	
75¾	40¼	Zayre s	.48	.6	23	679	75¼	73¾	75⅛	+⅞
26¼	16¾	ZenithE				1310	24½	23¾	24	+⅛
35	13	ZenLbs	.10i	.3	21	1232	31⅝	30⅝	30¾	−⅝
22⅜	13¾	Zero	s			117	20⅜	20	20⅜	
45¾	26⅞	Zurnin	1.32	3.2	15	122	40¾	40⅜	40¾	+¼

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

AMEX COMPOSITE CLOSING PRICES

Closing prices April 11

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
[illegible]							

OVER-THE-COUNTER

Nasdaq national market, prices, April 11

Stock	Sales (Hnds)	High	Low	Last	Chng
[illegible]					

Continued on Page 41

CURRENCIES, MONEY and CAPITAL MARKETS

Notice

To the Holders of

- **US$ 5 ¾% Convertible Bonds due 1st October, 1990 (Sec. Code 554.209) and**
- **US$ 6¾ Convertible Bonds due 1st October, 1993 (Sec. Code 553.955)**

Intershop Overseas Finance (Curaçao) N.V. unconditionally guaranteed by and convertible into bearer shares of Intershop Holding Ltd., Zurich

The Board of Directors of Intershop Holding Ltd will propose to the extraordinary General Meeting of Shareholders convened for 5th May, 1986 that the present share capital of Sfr 130 million be raised to Sfr 160 millions by issuing 150'000 new Bearer Shares A with a par value of Sfr 200 each.

Of these new shares, 50'000 (max.) will be offered to the shareholders for subscription at a price of Sfr 500 per share, at a ratio of one new share for every ten old bearer and/or registered shares.

Based on the number of shares entitled for subscription at present, 38 515 new shares would be necessary. This number may increase depending on conversions or the exercise of warrants occurring before the 25th April, 1986.

The remaining 100 000 new shares will be reserved for the issuance, on the Euromarket, of bonds with warrants of Intershop Holding Ltd. The definitive conditions for the issue of the bonds will be fixed at a later date. The preemptive rights of the shareholders for the subscription of the reserved shares and the bonds will be excluded.

Provided the capital increase is carried out as stated above the conversion prices of the US$ 5¾% Convertible Bonds due 1st October, 1990 and US$ 6¾% Convertible Bonds due 1st October 1993 of Intershop Overseas Finance (Curaçao) N.V. will be reduced effective 23rd May, 1986. The new conversion prices will be published as soon as possible thereafter.

The holders of the above-mentioned Bonds wishing to exercise their subscription rights for new shares are required to exchange their Bonds for Bearer shares of Intershop Holding Ltd.

not later than Friday, 25th April, 1986

Bonds will not be convertible from Friday, 25th April, 1986 to and including Friday, 23rd May, 1986 (the date on which the shares of Intershop Holding Ltd. are traded ex-rights).

Zurich, 14th April 1986 — Intershop Holding Ltd.

legrand

Sales up 31 percent
Net income up 40 percent

The Board of Directors met on March 24, 1986, with Mr Edouard Decoster in the chair, to approve the consolidated financial statements for 1985. Highlights of the consolidated statements are shown below:

(in millions of French Francs)	1985	1986	%
Net sales	4,470	3,407	+31
% earned abroad	40%	31%	
Net income (Group share)	191.1	136	+40
% of sales 4.3%	4%		
Cash flow (funds provided from operations)	482.2	432.8 (1)	+11

After adjustment for changes in the structure of the Group, the increase in sales works out to 12 per cent.

In view of the upward trend in margins, which is expected to continue in 1986, the Board will propose to the Annual General Meeting, on June 16, 1986, to declare:

—a dividend of 62.50 Francs per ordinary share (93.75 Francs including tax credit);

—a dividend of 100 Francs per preferred share (150 Francs including tax credit).

These dividends are twice as high as the interim dividends declared on January 31, 1986 (i.e. 31.25 Francs per ordinary share and 50 Francs per preferred share) and represent an 8.7 per cent rise on the previous year's dividends.

Mr François Grappotte, Chief Operating Officer, has been appointed Deputy Chairman of the Board.

(1) Allowing for a non-recurrent tax provision.

FOREIGN EXCHANGES

Firmer yen seems inevitable

BY COLIN MILLHAM

West Germany and Japan have two of the world's strongest currencies, but are dealing with the problems this creates in rather different ways. From the point of view of a public relations exercise Germany emerges in a rather more favourable light but perhaps that is inevitable, given the constraints of the European Monetary System on the Bonn Government.

If the EMS was to continue to operate smoothly, West Germany had little option but to agree to the effective 6 per cent revaluation of the D-mark against the French franc, the weekend before last. Before the realignment the Bank of France had been supporting the franc with very high Eurocurrency interest rates, in an attempt to deter the speculators, but this was something the French authorities had no intention of continuing once last month's French elections were out of the way.

Trading between the D-mark and franc was hectic and confusing for much of last week, resulting in the ironic situation of the Bank of France intervening heavily to support the D-mark. This was largely a reflection of the unwinding of speculative positions taken out before the realignment, as dealers who had previously sold francs took profits, by buying the currency back at the devalued rate.

But the market also felt France had won a surprisingly large devaluation of the franc, and that the stronger D-mark would restrain German export growth.

One country with no problems in generating export growth is Japan, but this success has led to inevitable criticism from abroad, and according to Mr Nigel Lawson, the Chancellor of the Exchequer, agreement by Japan's major trading partners that the yen must continue to appreciate.

Mr Yasuhiro Nakasone, Japanese Prime Minister, visited President Reagan at Camp David at the weekend, and hardly needed reminding of the protectionist lobby in the US Congress. Japan's record trade surplus of $6.66bn in March, and the record $52.6bn surplus for the last financial year, provide powerful ammunition for those seeking to restrict the flow of Japanese exports into the US and Europe.

However much the authorities in Tokyo may resist, there seems no alternative to a further rise in the value of the yen, and in a cut in the Bank of Japan's discount rate to stimulate the domestic economy. An economic package was announced last week, involving increased spending on public works, and alterations to some interest rate regulations, but opinion abroad is likely to regard this as insufficient, and will wish to see stronger evidence of Mr Nakasone's claimed intention to make the economy less dependent on exports.

As a large importer of oil Japan will be a major beneficiary from the sharp fall in world oil prices, a fact which has not yet been fully reflected in exchange rate movements. The yen is about the same level against sterling as in late February last year, when oil prices were around $30 a barrel, compared with the present level of $13.50.

A summit meeting of the leading seven industrial nations takes place in Tokyo in May, when the Japanese Government will want to be the subject of concerted criticism from other countries. Against this background the present level of the dollar seems too high at Y178, and the Bank of Japan may find it the lesser of several unpalatable options to allow the US currency to fall to a new record low of under Y175.

£ IN NEW YORK

	April 11	Prev. close
£ Spot	$1.4600-1.4615	$1.4795-1.4805
1 month	0.46-0.47pm	0.48-0.47pm
3 months	1.25-1.22pm	1.25-1.22pm
12 months	3.63-3.55pm	3.63-3.55pm

Forward premiums and discounts apply to the US dollar

LONDON

CHICAGO

CURRENCY RATES

April. 11	Bank rate %	Special Drawing Rights*	European Currency Unit
Sterling	—	0.773911	0.632687
US $	7	1.13200	0.934790
Canadian $	10.14	1.57099	1.29581
Austria Sch	4	18.5161	15.1250
Belgian Fr	8¾	53.5747	43.7601
Danish Kr	7	9.71143	7.93174
D'mark	3½	2.63647	2.15517
Guilder	4½	2.97376	2.42785
French Fr	9½	8.40793	6.86280
Lira	14	na	1476.04
Yen	4	203.985	166.646
Norway Kr	8	8.26813	6.77259
Span'h Pta	—	166.687	136.387
Swedish Kr	8½	8.35020	6.82868
Swiss Fr	4	2.20740	1.80322
Greek Drch	20½	164.457	134.498
Irish Punt	—	0.868431	0.708447

* SDR rates for April 9.

CURRENCY MOVEMENTS

April. 11	Bank of England Index	Morgan* Guaranty Change %
Sterling	76.1	−15.1
U.S. dollar	118.7	−9.6
Canadian dollar	79.1	−11.7
Austrian schilling	125.0	+6.9
Belgian franc	95.2	−7.3
Danish Kroner	85.1	−1.9
Deutsche mark	134.0	+13.6
Swiss franc	155.8	+14.8
Guilder	125.6	+8.5
French franc	68.6	−14.2
Lira	45.9	−18.5
Yen	195.2	+43.3

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

*Morgan Guaranty rates are for April 10

OTHER CURRENCIES

April 11	£	$
Arg'tina	1.2296-1.2311	0.8300-0.8310
Aus'alia	2.0635-2.0665	1.3964-1.3978
Brazil	20.4002-20.5039	13.77-13.84
Finland	7.6471-7.6671	5.1750-5.1800
Greece	211.19-212.07	143.00-143.60
H'kong	11.5435-11.5535	7.8015-7.8035
Iran	118.75*	81.30*
Kuwait	0.4285-0.4300	0.29028-0.29090
Lux'burg	68.55-68.65	46.55-46.65
Malaysia	3.8465-3.8565	2.6000-2.6050
N'Z'land	2.6665-2.6765	1.8083-1.8133
Saudi Ar.	5.3935-5.3985	3.6495-3.6500
Sin'pore	3.2235-3.2285	2.1810-2.1840
S Af (Cm)	2.9344-2.9999	1.9861-2.0304
S Af (Fn)	4.4772-4.6171	3.0303-3.1250
U.A.E.	5.4275-5.4335	3.6725-3.6735

* Selling rate.

LIFFE LONG GILT FUTURES OPTIONS

Strike price	Calls—Last June	Sept	Dec	Mar	Puts—Last June	Sept	Dec	Mar
116	12.45	13.30	—	—	0.03	0.38	—	—
118	10.49	11.49	—	—	0.07	0.57	—	—
120	8.57	10.10	—	—	0.15	1.18	—	—
122	7.07	8.42	—	—	0.29	1.50	—	—
124	5.32	7.18	—	—	0.54	2.26	—	—
126	4.05	6.02	—	—	1.27	3.10	—	—
128	2.57	4.60	—	—	2.15	4.04	—	—
130	1.61	3.63	—	—	3.19	5.07	—	—
132	1.16	3.10	—	—	4.38	6.18	—	—

Estimated volume total, Calls 840, Puts 296

Previous day's open int. Calls 8,055, Puts 2,160

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike price	Calls—Last June	Sept	Dec	Mar	Puts—Last June	Sept	Dec	Mar
92	11.31	11.15	—	—	0.01	0.31	—	—
94	9.33	9.34	—	—	0.03	0.50	—	—
96	7.40	7.61	—	—	0.10	1.13	—	—
98	5.53	6.33	—	—	0.23	1.49	—	—
100	4.15	5.15	—	—	0.49	2.31	—	—
102	2.56	4.08	—	—	1.26	3.24	—	—
104	1.53	3.17	—	—	2.23	4.27	—	—
106	1.06	2.26	—	—	3.39	5.42	—	—
108	0.37	1.50	—	—	5.07	—	—	—

Estimated volume total, Calls 256, Puts 195

Previous day's open int. Calls 789, Puts 1,267

LIFFE—EURODOLLAR OPTIONS
$1m points of 100%

Strike price	Calls—Last June	Sept	Dec	Mar	Puts—Last June	Sept	Dec	Mar
90.00	3.39	—	—	—	0.00	—	—	—
90.50	2.89	2.96	—	—	0.00	0.00	—	—
91.00	2.39	2.46	—	—	0.00	0.00	—	—
91.50	1.89	1.96	1.89	—	0.00	0.00	0.02	—
92.00	1.39	1.47	1.42	—	0.00	0.07	0.04	—
92.50	0.90	1.00	0.96	—	0.01	0.04	0.10	—
93.00	0.44	0.58	0.60	—	0.05	0.12	0.22	—

Previous day's open int, Calls 2,858, Puts 2,008

Volume, 112

CURRENCY FUTURES

EXCHANGE CROSS RATES

Apr. 11	£	$	DM	YEN	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1.	1.475	3.400	263.0	10.83	2.838	3.830	2325.	2.063	68.60
$	0.678	1.	2.305	178.3	7.342	1.924	2.597	1575.	1.398	46.51
DM	0.294	0.434	1.	77.35	3.185	0.835	1.126	683.2	0.607	20.18
YEN	3.802	5.608	12.93	1000.	41.18	10.79	14.56	8833.	7.842	260.8
F Fr.	0.923	1.362	3.139	242.8	10.	2.620	3.536	2145.	1.904	63.38
S Fr.	0.352	0.520	1.198	92.69	3.817	1.	1.350	818.7	0.727	24.14
H Fl.	0.261	0.385	0.888	68.67	2.828	0.741	1.	606.5	0.539	17.91
Lira	0.430	0.635	1.464	113.2	4.662	1.221	1.649	1000.	0.888	29.53
C $	0.485	0.715	1.649	127.5	5.251	1.376	1.857	1126.	1.	33.28
B Fr.	1.458	2.150	4.956	383.4	15.79	4.136	5.583	3386.	3.007	100.

Yen per 1,000; French Fr per 10; Lire per 1,000; Belg. Fr. per 100.

EURO-CURRENCY INTEREST RATES

April. 11	Short term	7 Days notice	1 Month	Three Months	Six Months	One Year
Sterling	11⅛-11⅜	11-11¼	10⅝-10⅞	10¼-10⅝	9¾-9⅞	9⅛-9¼
U.S. Dollar	7⅛-7¼	6⅞-7⅛	6¾-6⅞	6⅞-6⅞	6⅞-6¾	6¾-6⅞
Can Dollar	10⅛-10⅜	10⅛-10⅜	9⅞-9⅞	9⅞-9⅞	8⅞-9⅛	8⅞-9⅞
D Guilder	6¼-5⅜	5⅞-5⅞	5⅞-5⅞	5⅞-5⅞	5⅞-5⅞	5⅞-6⅛
Sw. Franc	3⅛-3⅜	2¾-3	4⅛-4⅛	4⅛-4⅛	4-4⅛	3⅞-4⅛
Deutschmrk	5¼-5½	5-5¼	4¾-4⅞	4⅞-4⅞	4⅜-4½	4⅜-4½
Fr. Franc	8⅛-8¼	8-8⅛	7¾-7⅞	7⅞-7⅞	7⅝-7¾	7⅝-7⅞
Italian Lire	9-11	9¼-10¾	9⅞-11⅛	10¾-11⅛	11-11⅜	11½-12⅛
B.Fr.(Fin)	12¼-12½	12¼-12½	9-9⅛	8⅛-8⅜	7⅞-7½	7⅝-7⅞
B.Fr.(Con)	13⅞-14⅞	9¼-11½	9¼-9¾	8¼-8⅜	7¾-8⅛	7½-7¾
Yen	5⅞-5⅞	5⅞-5⅞	5-5⅛	4⅞-4⅞	4⅞-4⅞	4⅛-4⅞
D. Krone	8¾-9¼	8½-9	8-8½	7½-8	7½-8	7⅞-7¾
Asian $ (Sng)	6⅞-7⅛	6⅞-7⅛	6⅞-6⅞	6¾-6⅞	6¾-6⅞	6¾-6⅞

Long-term Eurodollars: two years 7⅛-7⅜ per cent; three years 7⅛-7⅜ per cent; four years 7⅜-7⅝ per cent; five years 7⅝-8⅛ per cent nominal. Short-term rates are call for US dollars and Japanese yen; others two days' notice.

FORWARD RATES AGAINST STERLING

EMS EUROPEAN CURRENCY UNIT RATES

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

April 11	Day's spread	Close	One month	% p.a.	Three months	% p.a.
Denmark	8.40¼-8.50¼	8.47¾-8.48¼	par-0.60ore dis	−0.42	0.75-1.35dis	−0.49
W. Ger.	2.2815-2.3110	2.3050-2.3060	0.40-0.35pf pm	1.94	1.32-1.27 pm	2.24
Portugal	151.20-152.30	151.20-151.70	100-310c dis	−15.39	410-870dis	−16.97
Spain	144.95-146.12	145.65-145.80	65-95c dis	−6.58	195-245 dis	−6.03
Italy	1568½-1584	1574¼-1575¼	6-7½lire dis	−5.05	19-21 dis	−5.16
Norway	7.20-7.26¾	7.23¾-7.24¼	3.55-3.95ore dis	−6.21	11¼-11½dis	−6.19
France	7.2900-7.3550	7.3420-7.3430	0.50-0.65c dis	−0.94	1.10-1.50ds	−0.70
Sweden	7.28¾-7.31¾	7.29-7.29½	2.10-2.40ore dis	−3.69	6.20-6.60ds	−3.50
Japan	177.55-178.55	178.30-178.40	0.34-0.28y pm	2.08	0.97-0.87 pm	2.06
Austria	16.04¾-16.18¾	16.12½-16.13¾	3.00-2.40gro pm	1.81	8-6 pm	1.72
Switz.	1.9060-1.9375	1.9240-1.9250	0.43-0.38c pm	2.51	1.33-1.28 pm	2.60

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 47.05-47.15.

POUND SPOT—FORWARD AGAINST POUND

April 11	Day's spread	Close	One month	% p.a.	Three months	% p.a.
Denmark	12.469-12.537	12.507-12.508	4⅝-2¾ore pm	3.32	9⅞-8 pm	2.82
Ireland	1.1120-1.1240	1.1185-1.1195	0.05-0.20c dis	−1.34	par-30 dis	−0.53
W. Ger.	3.3819-3.4110	3.3975-3.4025	1⅝-1¼pf pm	5.29	5-4½ pm	5.58
Portugal	216.01-229.71	219.11-229.71	160-390c dis	−14.73	410-1105ds	−13.52
Spain	214.97-216.71	215.19-215.71	20-70c dis	−2.50	100-225 dis	−3.10
Italy	2318-2337	2322¼-2323¼	2 pm-10lire dis	−2.06	2-18 dis	−1.72
Norway	10.67½-10.74½	10.67½-10.68½	1½-2¾ore dis	−2.52	7¼-8¼ dis	−2.93
France	10.78¼-10.86	10.82¼-10.83¼	3⅛-2⅜c pm	2.90	7⅞-6⅞ pm	2.53
Sweden	10.75⅞-10.83¼	10.75¼-10.75¾	⅞ pm-⅞ore dis	−0.27	½ pm-⅛ dis	−0.32
Japan	262½-263¾	262¾-263¼	1½-1¼y pm	6.27	3⅞-3⅞ pm	6.13
Austria	23.81-23.91	23.87-23.91	12½-10¼gro pm	5.77	32¼-29¼ pm	5.08
Switz.	2.8264-2.8430	2.8370-2.8380	1¾-1¼c pm	6.23	4⅝-4⅞ pm	6.23

Belgian rate is for convertible francs. Financial franc 69.40-69.50. Six-month forward dollar 2.08-2.03c pm. 12-month 3.83-3.43c pm.

MONEY MARKETS

Bank resists further cuts

UK clearing banks base lending rate 11 per cent since April 8

Clearing bank base rates were cut by ½ per cent to 11 per cent last Tuesday, but by the end of the week this seemed to be a matter of history, as the London money market and the Bank of England squared up for a test of nerves about the timing of the next cut. The average rate of discount at Friday's Treasury bill tender was around 9⅞ per cent, pointing to a further reduction of at least ½ per cent to 10½ per cent in base rates, although many dealers felt that this week could see base rates as low as 10 per cent.

This opinion contrasted sharply with the stance taken by the authorities. The Bank of England did not signal the cut to 11 per cent, and was determined to prevent any further downward move.

National Westminster Bank led the way to lower base rates on Tuesday, when credit conditions were virtually flat. Only in the afternoon did the authorities endorse the move by cutting the intervention rate on band 2 bills.

Expectations of another base rate cut continued, in spite of the refusal by the Bank of England to buy bills from the market on Thursday.

NEW YORK RATES
(4 pm)

Prime rate	9
Broker loan rate	8
Fed funds	7⅛
Fed funds at intervention	—

Treasury Bills & Bonds

One month	5.91
Two month	6.07
Three month	6.13
Six month	6.30
One year	6.35
Two year	6.66
Three year	6.79
Four year	6.89
Five year	7.04
Seven year	7.12
10 year	7.29
30 year	7.39

BANK OF ENGLAND TREASURY BILL TENDER

WEEKLY CHANGE IN WORLD INTEREST RATES

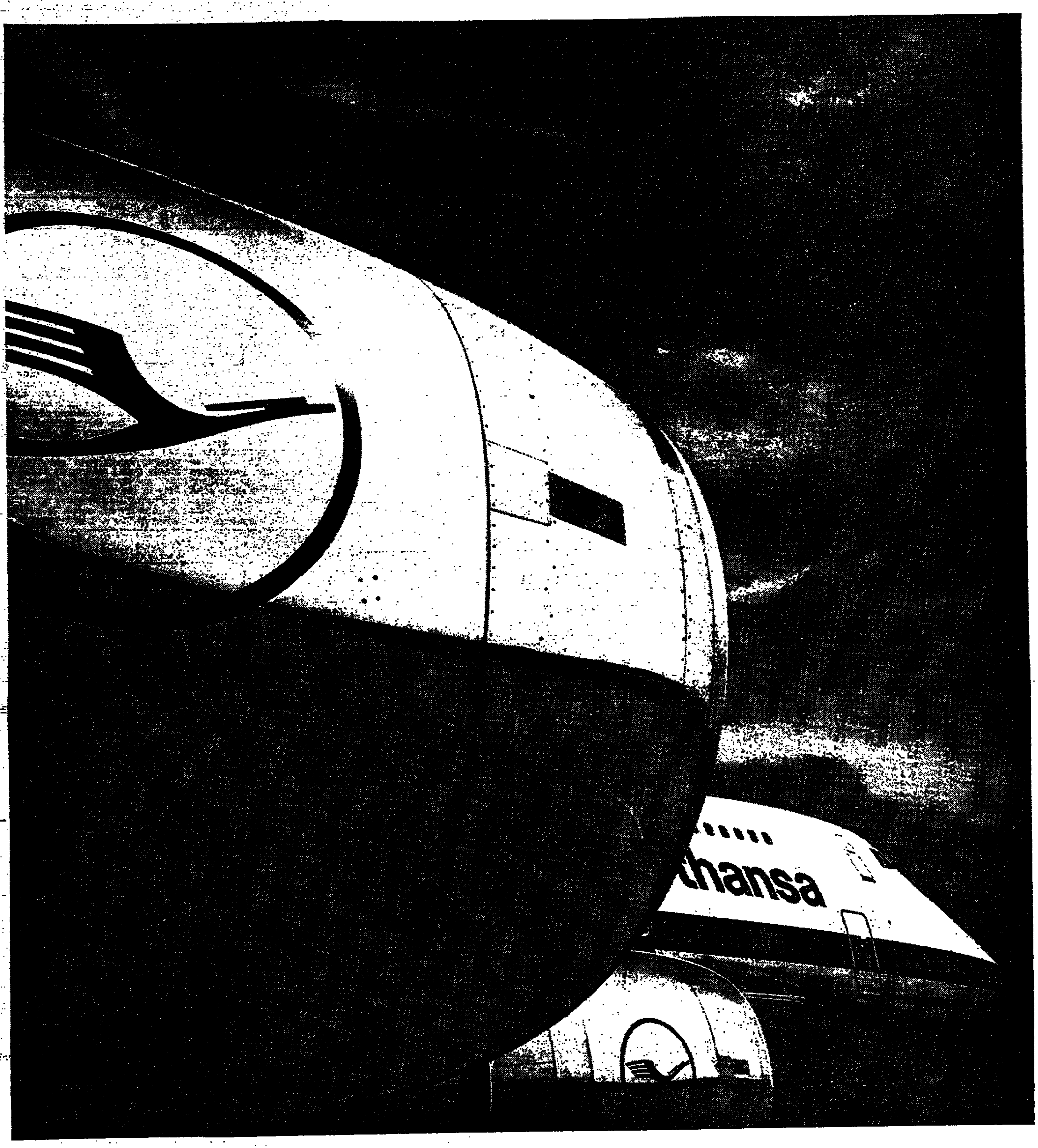
FT LONDON INTERBANK FIXING

LONDON MONEY RATES

MONEY RATES

هكذا من الأصل

Every status has its symbol.



Lufthansa